

TOWN OF SURFSIDE, FLORIDA COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2013



TOWN OF SURFSIDE, FLORIDA

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2013



Prepared by
Finance Department

TOWN OF SURFSIDE, FLORIDA

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INTRODUCTORY SECTION





TOWN OF SURFSIDE

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SURFSIDE, FLORIDA 33154
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WWW.TOWNOFSURFSIDEFL.GOV

June 30, 2014

To the Honorable Mayor and Vice Mayor, Town Commissioners, and the Citizens of the Town of Surfside, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Surfside, Florida (the Town), for the fiscal year ended September 30, 2013. Florida Statutes requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. In addition to meeting this legal requirement, the report continues to present the Town's strong tradition of full financial disclosure. This philosophy is reflected by the informative financial analysis provided by the Town's Finance Department and the exhibits and statistical tables included herein.

The CAFR's role is to assist in making economic, social and policy decisions and to assist in assessing accountability to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of Town operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the financial position and results of operations of the Town; and that all disclosures necessary to enable the reader to gain an understanding of the Town's financial activity have been included.

Marcum LLP, independent auditors, has issued an unmodified opinion on the Town of Surfside financial statements for the fiscal year ended September 30, 2013. The

independent auditors' report is located at the front of the financial section of this report. The Town's Financial Statements have been prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standard Board (GASB). The Town's Management Discussion and Analysis document (the MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments the letter of transmittal and should be read in conjunction with it.

ACCOUNTING AND INTERNAL CONTROLS

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived; and
- The valuation of costs and benefits requires estimates and judgments by management.

PROFILE OF THE GOVERNMENT

The Town is a beautiful oceanfront community located in the tropical paradise of South Florida. The Town was incorporated in 1935, celebrated its 75th anniversary during FY 2010, and is home to approximately 5,800 residents. The Town of Surfside includes a tranquil, attractive, residential neighborhood, multi-family residences, a traditional "home town" business district and tourist facilities that welcome visitors year round.

The Town is a Commission-Manager form of government. The Town is governed by a part-time Mayor, Vice-Mayor and three Town Commissioners, elected Town wide to two-year terms. Collectively known as the Town Commission, they appoint a full-time Town Manager, who is responsible for the administration of the Town operations. The Town Commission establishes policy for the operation of the government, enacts ordinances for the safety, welfare, and orderly interaction of the citizens of the Town, adopts a millage rate and annual budget, appoints the Town Attorney, as well as members to various boards, agencies, and authorities within the Town, and engages an independent auditor.

SERVICES PROVIDED

The Town provides a full range of municipal services. These services include police, parks and recreation programs, tourism, public works, human resources, code compliance, finance, town clerk, town attorney, building, and planning and zoning. The Town also provides water and sewer utility, municipal parking, sanitation services and stormwater utility services to its citizens.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment. Surfside has maintained a strong financial position through prudent long-term financial planning, additional non ad-valorem revenue generation and fiscal actions to reduce or contain fixed costs.

The real estate property values have increased 4.4% from the previous 2011-12 fiscal year. The Town of Surfside also enjoys a robust favorable commercial, residential and economic environment. All indicators point to increased growth from large scale commercial developments. We anticipate a continued upward trend in taxable value growth as new developments come on line.

Surfside is a tourist destination point in southeast Florida. In fact, with over 37 acres of beach frontage. There is no industrial area in the Town. Thanks to the Town's tax rate, diversified commercial business base, a Town-sponsored shuttle system, and an active community of involved citizens who take a genuine interest in the social, business, cultural and governing aspects of life, the Town of Surfside continues to flourish.

The Town Commission has adopted financial policies. Management has made every effort to comply with adopted policies. During FY12/13, a newly developed Five Year long-range financial plan was adopted by the Town Commission. This document forecasts the General Fund and several other fund operations for the next five (5) years and is used to guide the development of the annual operating budget. The plan is in the process of being updated.

The Town has also recognized the long-term financial cost implications of its pension benefits and for FY 12/13 continued to fund 100% of the actuarially determined employer contribution. Accordingly, the Actuarial Valuation Date of October 1, 2013 has a funded ratio or 89.6%, well above funded percentages considered to be financially healthy. The Town continues to monitor its pension costs for sustainability and to provide cost containment so as not to shift the costs to future taxpayers.

The Capital Improvements Program (CIP) is prepared and presented to the Town Commission as part of the annual budget process. The projects represent the Town's plan for infrastructure improvement and major equipment acquisition for the next five years.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the fiscal year ended September 30, 2012. This was the second year that the Town has submitted and received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

It should be noted that the Certificate of Achievement is a prestigious national award, presented to less than 4,000 of approximately 90,000 governmental units nationwide, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

A Certificate of Achievement is valid for a period of one year only. We believe that our current fiscal year 2013 CAFR continues to meet the Certificate of Achievement requirements and we will submit it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. The accounting staff consisting of Mayte Gamiotea, Front Office Manager/Controller, Marisol Rodriguez, Accounting Clerk and Andria Meiri, Budget Officer are to be especially thanked for preparing this report. Thank you to our Department heads who assisted and contributed to the preparation of this report and who worked diligently to provide quality service. We also wish to extend our appreciation to the auditing firm of Marcum LLP for their professionalism in conducting the audit of the Town's basic financial statements and related note disclosures.

Finally, credit also must be given to the Town Commission for their unfailing support for maintaining the highest standards of professionalism and transparency in the management of the Town's finances.

Respectfully Submitted,


Michael Crotty
Town Manager


Donald G. Nelson
Finance Director

TOWN OF SURFSIDE, FLORIDA

LISTING OF ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

FISCAL YEAR ENDED SEPTEMBER 30, 2013

TOWN COMMISSION

Daniel Dietch, Mayor

Michael Karukin, Vice Mayor

Joe Graubart, Commissioner

Michelle Kligman, Commissioner

Marta Olchyk, Commissioner

OFFICIALS

Michael P. Crotty, Town Manager

David Allen, Chief of Police

Sandra Novoa, Town Clerk

Linda Miller, Town Attorney

Tim Milian, Parks and Recreation Director

Joseph Kroll, Public Works Director

Duncan Tavares, Tourism, Economic Dev, & Community Svs. Director

Rosendo Prieto, Building Official

Joe Damien, Code Compliance Director

Sarah Sinatra Gould, AICP, Planning/Zoning Manager

Yamileth Slate-McCloud, Human Resource Director

Donald G. Nelson, Finance Director

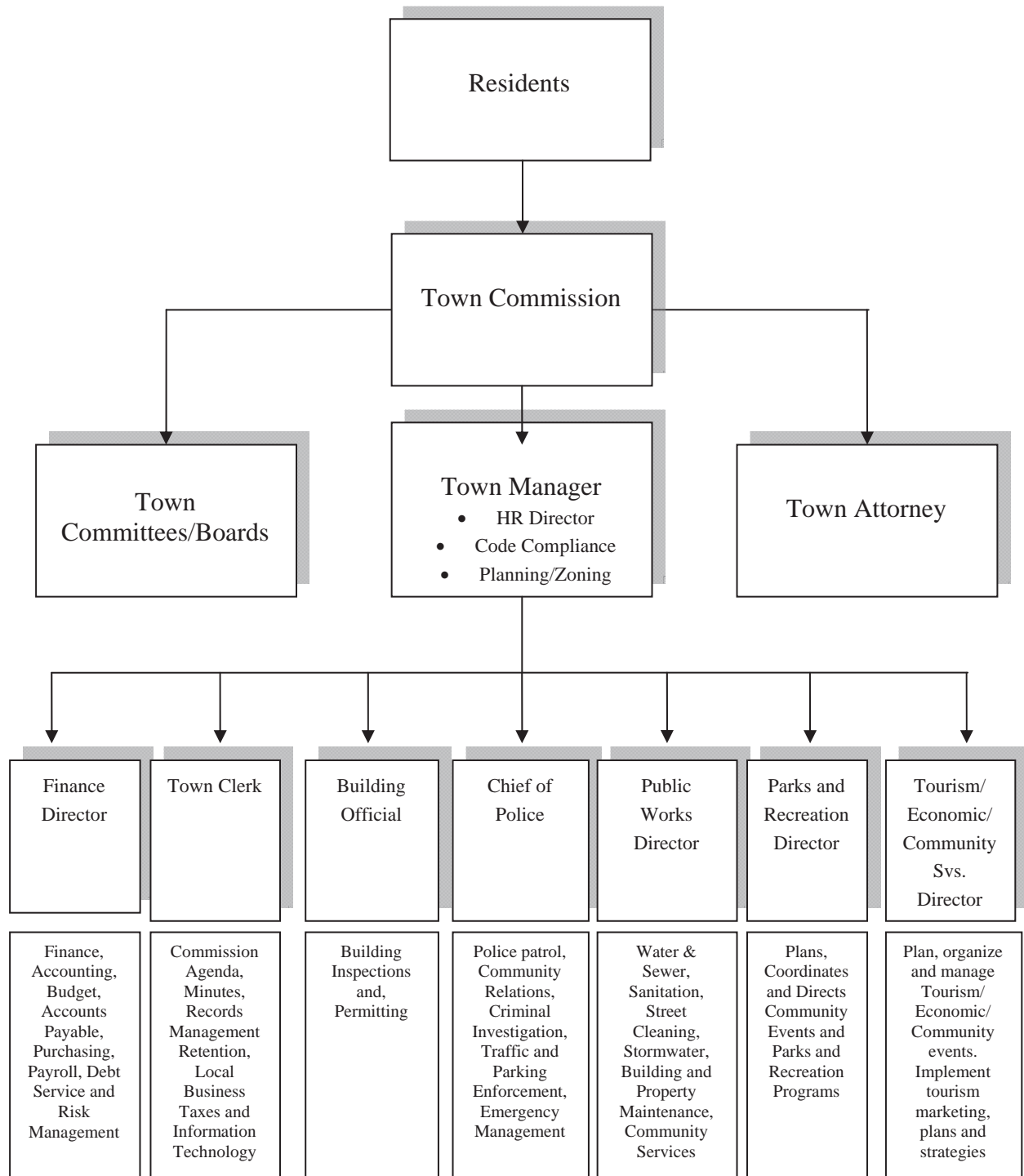
INDEPENDENT AUDITORS

Marcum LLP

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

FISCAL YEAR ENDED SEPTEMBER 30, 2013





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Surfside
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (the Pension Trust Fund) which represents 94%, 98% and 85%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of October 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the budgetary comparison information on pages 59 and 60, and the schedules of funding progress and employer contributions on pages 61 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory and statistical sections, the combining and individual fund financial statements and schedules and schedule of expenditures of State financial assistance, as required by Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of State financial assistance, as required by Chapter 10.550, Rules of the Auditor General, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the combining and individual fund financial statements and schedules and the schedule of expenditures of State financial assistance, as required by Chapter 10.550, Rules of the Auditor General are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcus LLP

Miami, FL

June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the comprehensive annual financial report for the Town of Surfside (the Town), the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2013. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2013 FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities plus deferred inflows of resources by \$32,266,101 (total net position) as of September 30, 2013.
- Total net position increased \$2,336,073 and is comprised of the following:
 - (1) Capital assets, net of related debt, of \$26,395,129 include property and equipment, net of accumulated depreciation, and reduced by related outstanding debt.
 - (2) Net position of \$1,972,031 are restricted by constraints imposed from outside the Town such as grantors, laws, or regulations.
 - (3) Unrestricted net position consists of \$3,898,941 that may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$5,923,420 at September 30, 2013. This compares to the prior year restated total ending fund balance of \$5,988,878, showing a decrease of \$65,458 during the current year. This increase includes the prior period adjustment. Unassigned fund balance is \$3,151,275 at September 30, 2013.
- At the end of the current fiscal year, the unassigned and unrestricted fund balance for the General Fund was \$5,151,275, or 50.2% of total General Fund expenditures. The unrestricted fund balance for the General fund was \$3,151,275 or 30.7% of total General Fund expenditures.
- Overall, the Town continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior fiscal year.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Town's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health

of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the Town's infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town principally supported by taxes from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, leisure services and transportation. Business-type activities include water and sewer, municipal parking, sanitation and storm water utilities activities.

The government-wide financial statements are presented on pages 16 and 17 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The Town has three types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 18 - 19 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town's proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same function reported as business-type activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 21 - 24 of this report.

The Town's *Fiduciary fund* is reported in the fiduciary fund financial statements, but is excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund the Town's programs. The Town's fiduciary fund reports the Town's single employer pension plan balances and activities.

The basic fiduciary fund financial statements are presented on pages 25 and 26 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 27 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary. A budgetary comparison schedule is included as "required supplementary information" for the General Fund. Budgetary comparison schedules for all other governmental funds can be found in the supplementary information section of this report. These schedules demonstrate compliance with the Town's adopted and final revised budget. In addition, some required trend information for the Town's pension trust fund and other post employment benefits (OPEB) plan are presented in this section. Required supplementary information can be found on pages 59 - 63 of this report.

Supplementary Information

As discussed, the Town reports major funds in the basic financial statements. Combining and individual fund statements and schedules for nonmajor funds are presented in a supplementary information section of this report beginning on page 64.

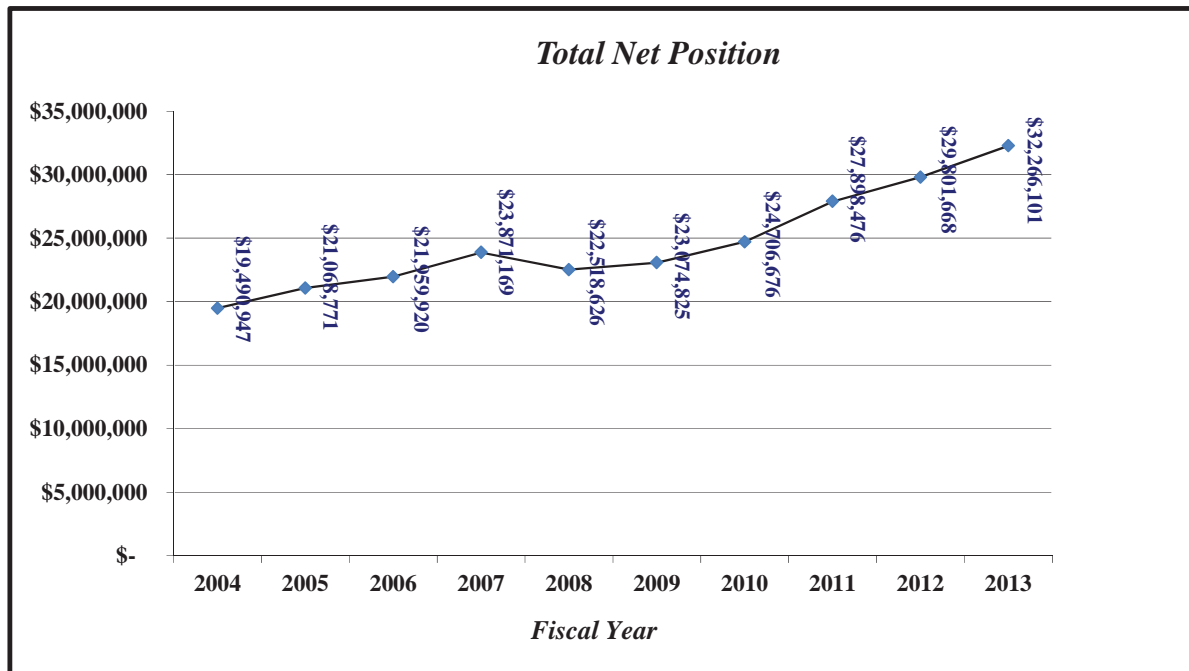
FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end is \$32,266,101. The following table provides a summary of the Town's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current assets	\$ 6,881,276	\$ 6,965,075	\$ 1,380,385	\$ 2,858,944	\$ 8,261,661	\$ 9,824,019
Non-current assets						
Other	189,706	207,392	3,433,023	5,859,707	3,622,729	6,067,099
Capital assets	13,866,206	14,095,832	28,112,800	20,132,159	41,979,006	34,227,991
Total assets	20,937,188	21,268,299	32,926,208	28,850,810	53,863,396	50,119,109
Liabilities:						
Current liabilities	1,086,852	1,609,879	2,329,770	6,796,626	3,416,622	8,406,505
Long-term liabilities	554,574	627,762	17,602,823	11,154,814	18,157,397	11,782,576
Total liabilities	1,641,426	2,237,641	19,932,593	17,951,440	21,574,019	20,189,081
Deferred inflows of resources	23,276	-	-	-	23,276	-
Net position:						
Net investment in capital assets	13,562,457	13,528,097	12,832,672	11,239,664	26,395,129	24,767,761
Restricted	364,115	416,070	1,283,916	1,283,916	1,648,031	1,699,986
Unrestricted	5,345,914	5,086,491	(1,122,973)	(1,624,210)	4,222,941	3,462,281
Total net position	\$ 19,272,486	\$ 19,030,658	\$ 12,993,615	\$ 10,899,370	\$ 32,266,101	\$ 29,930,028

The following chart reports the Town's total net position balances from fiscal year 2004 - 2013.



Note over the last ten years, the total net position have increased \$12,775,154 or 65.5%.

Current assets in governmental activities and business-type activities decreased in fiscal year September 30, 2013. Unrestricted cash for governmental activities increased approximately \$97,689. For business-type activities, restricted cash decreased approximately \$1.5 million.

The Town continues to maintain high current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 6.3 to 1 as compared to 4.3 to 1 at September 30, 2012. The current liabilities exceed the current assets. Overall, the total current ratio at September 30, 2013 was 2.4 to 1 as compared to 1.2 to 1 at September 30, 2012 or an improvement.

The Town reported positive balances in net position for both governmental and business-type activities. During 2013, net position increased \$241,828 for governmental activities and increased \$2,094,245 for business-type activities. The Town's overall financial position improved during fiscal year 2013. The Town remains in a strong financial position, in spite of a continued depressed economy.

Note that 66.2% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. Approximately, 85.4% of the business-type activities total assets are included in capital assets. These capital assets provide utility and parking services to the Town's citizens. By combining governmental activities with business-type activities, the Town has invested approximately 77.9% of its total assets in capital assets, as presented in the government-wide statement of net position.

The following table provides a summary of the Town's changes in net position:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program:						
Charges for services	\$ 2,446,239	\$ 2,288,488	\$ 5,427,160	\$ 5,401,035	\$ 7,873,399	\$ 7,689,523
Operating grants and contributions	271,588	245,305	-	-	271,588	245,305
Capital grants	350,000	-	1,086,000	276,844	1,436,000	276,844
General:						
Property taxes	5,257,726	5,264,387	-	-	5,257,726	5,264,387
Other taxes	1,539,957	1,540,780	-	-	1,539,957	1,540,780
Unrestricted intergovernmental	638,944	639,582	-	-	638,944	639,582
Unrestricted investment earnings	30,399	62,782	(13,811)	14,790	16,588	77,572
Miscellaneous	241,930	205,832	-	-	241,930	205,832
Total revenues	10,776,783	10,247,156	6,499,349	5,692,669	17,276,132	15,939,825
Program Expenses:						
General government	3,555,197	3,117,750	-	-	3,555,197	3,117,750
Public safety	4,404,897	4,418,680	-	-	4,404,897	4,418,680
Public works	1,034,890	980,590	-	-	1,034,890	980,590
Leisure services	1,767,787	1,691,572	-	-	1,767,787	1,691,572
Transportation	168,417	138,815	-	-	168,417	138,815
Interest	6,045	4,754	-	-	6,045	4,754
Water and sewer	-	-	1,837,645	1,730,300	1,837,645	1,730,300
Municipal parking	-	-	888,502	622,208	888,502	622,208
Sanitation	-	-	1,131,680	1,073,281	1,131,680	1,073,281
Stormwater utility	-	-	144,999	130,323	144,999	130,323
Total expenses	10,937,233	10,352,161	4,002,826	3,556,112	14,940,059	13,908,273
Changes in net position before transfers	(160,450)	(105,005)	2,496,523	2,136,557	2,336,073	2,031,551
Transfers	402,278	26,329	(402,278)	(26,329)	-	-
Changes in net position after transfers	241,828	(78,676)	2,094,245	2,110,228	2,336,073	2,031,552
Beginning net position	19,030,658	19,109,334	10,899,370	8,789,142	29,930,028	27,898,476
Ending net position	\$ 19,272,486	\$ 19,030,658	\$ 12,993,615	\$ 10,899,370	\$ 32,266,101	\$ 29,930,028

Governmental Activities Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 48.8% of the Town's total revenues as compared to 51.4% in fiscal year 2012. Other taxes, which includes resort, franchise, utility and communications taxes provided 14.3% of the Town's total revenues as compared to 15% in fiscal year 2012. The charges for services increased \$157,751, due primarily to building permit activity and from Recreation Camp programs. Because of the Town's healthy financial position, we have been able to earn \$30,399 in unrestricted investment earnings to support governmental activities. The \$350,000 capital contribution relates to a contribution from developers of large-scale commercial developments.

Note that program revenues covered 28% of governmental operating expenditures as compared to 24.5% in fiscal year 2012. This means that the government's taxpayers and the Town's other general revenues

normally fund 72% of the governmental activities, primarily from property taxes, other taxes and unrestricted intergovernmental revenue. As a result, the general economy and the success of local businesses have a major impact on the Town's revenue streams.

Governmental Activities Expenses

The following table presents the cost of each of the Town's services, including the net costs (i.e., total cost less program revenues generated by the activities). The net costs illustrate the financial burden that is placed on the Town's taxpayers by each of these services.

	Governmental Activities			
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 3,555,197	32.5%	\$ 2,159,204	27.2%
Public safety	4,404,897	40.3%	3,693,453	46.5%
Physical environment	1,034,890	9.5%	684,890	8.6%
Leisure services	1,767,787	16.2%	1,363,344	17.2%
Transportation	168,417	1.5%	37,530	0.5%
Interest	6,045	0.0%	6,045	0.0%
Total	<u>\$ 10,937,233</u>	<u>100.0%</u>	<u>\$ 7,944,466</u>	<u>100.0%</u>

The public safety expenditures, both gross and net of program revenues total over 40% of total costs. As noted, total cost and net costs do not differ substantially by percentage for each service.

Business-Type Activities

The Town reports four major enterprise funds.

Overall Analysis of Major Funds – Total operating revenues increased just \$26,125 or ½ of 1%. Operating expenses increased \$383,374 or 10.8%. In total, the operating income decreased \$357,294. The total increase in net position for all enterprise funds was \$2,094,245.

The operating income for each major enterprise fund was as follows for fiscal years 2013 and 2012:

	2013	2012	Increase (Decrease)
Water and sewer	\$ 843,785	\$ 1,055,048	\$ (211,263)
Municipal parking	167,965	270,818	(102,853)
Sanitation	107,262	146,408	(39,146)
Stormwater	<u>368,662</u>	<u>372,649</u>	<u>(3,987)</u>
Total	<u>\$ 1,487,674</u>	<u>\$ 1,844,923</u>	<u>\$ (357,249)</u>

The following includes an analysis of the fiscal year 2013 financial activities for each fund.

Water and Sewer Fund - The total assets increased \$5,266,090, due primarily to \$7 million increase in the cost of capital assets and a decrease in restricted cash of \$1.7 million. Total liabilities and deferred

inflows of resources increased about \$4,469,100. Operating revenues decreased \$153,302 or 5.5%. This decrease occurred due to the installation of new Town wide water and sewer system and customer credits.

There was a \$100,000 capital improvement reimbursement from Indian Creek Village for public right of way improvements to Surfside Boulevard.

In total, operating expenses increased \$57,961 or 3.3%. Net position decreased \$538,872 or 9.5% in fiscal year 2013, resulting in ending net position of \$6,473,656.

Municipal Parking Fund – The total assets decreased \$139,665. Capital assets costs increased \$220,018 and the accumulated depreciation increased approximately \$87,574.

Operating revenues increased \$163,441 or 18.3% due to increased parking demand from all the large commercial construction projects. In total, operating expenses increased \$266,294 or 42.8%. The cost of personal services increased \$117,119 or 46.5%. Salary and benefit costs increased from additional full time staff, the effect of a compensation study and health/life insurance costs.

In total, operating income decreased \$102,853 in fiscal year 2013 from fiscal year 2012. Net position increased \$20,693 or 6/10 of 1% in fiscal year 2013, resulting in an ending net position of \$3,345,994.

Sanitation Fund - The total assets increased \$28,806. Total liabilities increased \$40,276. Operating revenues were \$19,253 above the fiscal year 2012 amount. In total, operating expenses increased \$58,399 or 5.4%. Personal costs increased \$65,476 or 12.7%. Salary and benefit cost increase from the effect of a compensation study and Health/Life insurance cost increase.

Operating income decreased \$39,146 or 26.7%. Net position decreased \$4,931 or 1.7% in fiscal year 2013, resulting in an ending net position of \$293,042.

Stormwater Fund - The total assets increased \$2,696,866, due primarily to an interfund receivable of approximately \$2.9 million due from the general fund.

Total liabilities increased \$1,434,212 due to an increase in the new state revolving loan. Both the operating revenues and operating expenses were almost identical to those of fiscal year 2012. As a result, operating income was \$368,662, or down \$3,987 from fiscal year 2012. This fund received a \$986,000 capital grant from the Florida Department of Environmental Protection for storm water improvements.

Net position increased \$1,262,654 or 78% in fiscal year 2013, resulting in ending net position of \$2,880,923.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$5,923,420 compared to a restated \$ 5,988,878 at September 30, 2012.

The total governmental expenditures exceeded revenues by \$467,736. This difference results primarily from the activity of our two major funds. The general fund's expenditures exceeded its revenues by \$313,892. The capital projects fund's expenditures exceeded total revenue, by \$111,171.

Governmental funds report total fund balance of \$5,923,420. Of this year-end total, \$364,115 is restricted. \$2 million is assigned in the General Fund for emergencies and disasters since we are a coastal community subject to hurricane risk and \$255,263 is assigned in the Capital Projects Fund for future capital projects. \$152,767 is considered nonspendable and \$3,151,275 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds show an adjusted increase of \$108,193 or 1.8% over the prior year.

Major Governmental Funds

The Town reports two major governmental funds, the General Fund and the Capital Projects Fund.

General Fund - The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased just \$37,668 or 7/10 of 1% as compared to a 23.7% decrease in 2012. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 30.7% of annual expenditures. This compares to 53% at September 30, 2012.

Utility tax revenue increased \$31,598 or 6.7% for electric and gas from customer demand. All other revenue streams were consistent with the 2012 amounts.

Total General Fund expenditures increased \$608,251 or 6.3% above the fiscal year 2012 level. The most significant changes, by department, from fiscal year 2012 are described below.

General government costs were \$405,652 over the 2012 amount due to increases in salaries, retirement funding and benefits for additional staff in 2012-2013. Public safety expenditures increased \$508,502 or 12.9% due to police personnel, benefit cost increases from the collective bargaining wage increase, and police capital equipment leases.

Public works and Leisure services costs were similar to the prior year.

Capital Projects Fund - This fund reported revenue from investment earnings totaling \$5,735 and the \$350,000 developer contribution explained above. This fund spent \$466,808 on capital items. At September 30, 2013, this fund reported approximately \$510,000 in cash and investments. At year-end, this fund reported fund balance of \$255,263.

Proprietary Funds

Proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The business-type activities analysis above discusses the Town's enterprise funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's revenue budget was amended upward in this fiscal year, by just \$37,592. An increase of \$15,000 in miscellaneous revenue was the largest amendment. In total, actual revenues exceeded the final budget by just \$45,392 or 1/2 of 1%. The largest revenue stream over budget was miscellaneous revenue by \$119,768. Because of the variety of revenue streams included in miscellaneous, this budget is very difficult to project. Fines and forfeiture revenue was over the budget by \$99,712 due to conservative budgeting.

Property taxes were below budget by \$90,523 or 1.7% because of adjustments to property values approved by the Miami-Dade County Value Adjustment Board from taxpayer request for adjustment hearings.

Licenses and permits were over budget by \$51,472.

The General Fund's expenditure (excluding transfers) budget was increased \$1,088,905 or 10.8%. In total, actual expenditures were below the budget by \$893,589.

The executive, finance and administration final budget was underspent by \$284,506 due to cost savings throughout the departments within this function.

The public works budget was underspent by \$112,058 from reduced expenditures for salaries, benefits, repairs and maintenance of buildings, operating cost and utility services. The leisure services budget was underspent by \$206,153 due to various cost saving within this function. The general fund's capital outlay budget was underspent by \$131,508 because some budgeted equipment was not expended and the purchase of police vehicles was financed over five years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's net investment in capital assets, for governmental and business-type activities as of September 30, 2013, was \$13,866,206 and \$28,112,800 respectively. The change in this net investment was a 1.6% decrease for governmental activities and a 39.6% increase for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	\$ 1,461,229	\$ 1,461,229	\$ 1,358,011	\$ 1,358,011	\$ 2,819,240	\$ 2,819,240
Construction in progress	434,878	411,606	25,388,873	17,600,215	25,823,751	18,011,821
Total non-depreciable	1,896,107	1,872,835	26,746,884	18,958,226	28,642,991	20,831,061
Depreciable assets:						
Buildings	10,384,409	10,551,831	-	-	10,384,409	10,551,831
Machinery, equipment and furniture	2,955,794	3,024,117	1,003,434	940,410	3,959,228	3,964,527
Infrastructure	2,808,646	2,315,800	2,969,014	2,718,195	5,777,660	5,033,995
Total depreciable assets	16,148,849	15,891,748	3,972,448	3,658,605	20,121,297	19,550,353
Less accumulated depreciation	4,178,750	3,668,751	2,606,532	2,484,672	6,785,282	6,153,423
Book value - depreciable assets	11,970,099	12,222,997	1,365,916	1,173,933	13,336,015	13,396,930
Percentage depreciated	26%	23%	66%	68%	34%	31%
Total net capital assets	\$ 13,866,206	\$ 14,095,832	\$ 28,112,800	\$ 20,132,159	\$ 41,979,006	\$ 34,227,991

At September 30, 2013, the depreciable capital assets for governmental activities were 26% depreciated. This compares to the 23% at September 30, 2012. With the Town's business-type activities, 66% of the asset values were depreciated at September 30, 2013 compared to 68% at September 30, 2012. These percentages indicate that the Town is replacing their capital assets at the same rate, as they are being depreciating, which is a positive financial indicator. However, about two-third of the business-type activities are depreciation which means are Town needs to be reviewing asset replacement.

The increase of \$492,846 in governmental activities infrastructure included traffic calming pavers, stamped cross walks, bus shelters and wayfarer signs. The additions to construction in progress of \$434,878 relate to the Harding Avenue and 95th Street Streetscape improvements and seawall improvements.

The additions to construction in progress of \$8,020,510 for business-type activities relate to Town wide new water, sewer and storm water line replacement. The increase to the infrastructure of \$250,810 included Improvements to the Abbott Avenue and 94th Street parking lots and new parking wayfarer signs.

Debt

In this fiscal year, the Town borrowed \$7,361,834.in a state revolving loan for construction of wastewater and storm water improvements.

The following table reports long-term debt balances at September 30, 2013 and 2012:

	Outstanding Long-term Debt					
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenue bonds	\$ -	\$ -	\$ 10,985,348	\$ 11,507,445	\$ 10,985,348	\$ 11,507,445
Capital lease	303,749	427,130	-	-	303,749	427,130
Notes	-	-	80,000	160,000	80,000	160,000
State revolving loan	-	-	7,255,844	-	7,255,844	-
Compensated absences	281,316	296,509	96,598	73,872	377,914	370,381
Net OPEB obligation	121,781	89,352	33,414	22,981	155,195	112,333
Total	<u>\$ 706,846</u>	<u>\$ 812,991</u>	<u>\$ 18,451,204</u>	<u>\$ 11,764,298</u>	<u>\$ 19,158,050</u>	<u>\$ 12,577,289</u>

See Note 8 for additional information about the Town's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE TOWN

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (towns and cities, counties, school boards) primarily rely on property and an array of permitted other taxes (utility taxes, franchise fees and local business taxes) as well as intergovernmental revenues for their governmental activities.

For business-type activities and certain governmental activities (building/construction services and recreational programs), the user pays a related fee or charge associated with the service. The

unemployment rate for Miami-Dade County/Fort Lauderdale is currently 9.5%, which is a decrease from a rate of 10.3% a year ago. The Town's residents would expect to have a lower unemployment rate than is reported for the county. In the 2012–2013 adopted budget, we continued operating in a tight economic environment.

Some of the key elements affecting the fiscal year 2012-2012 budget include:

- An increase in taxable property values
- No increase in the Solid Waste collection rates to customer.
- Large-scale commercial developments will continue for the next three years.
- Building permit activity for residential and commercial construction will increase.
- The General Fund balance is projected to increase over the next three years.

All of these factors result in many budget challenges in fiscal year 2012-2013 and beyond.

The millage rate for fiscal year 2013 was decreased from 5.500 to 5.300. This slight decrease was possible through an increase in property values as well as a strict control over expenditures.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Finance Director, Town of Surfside, 9293 Harding Avenue, Surfside, FL 33154.

BASIC FINANCIAL STATEMENTS

**These basic financial statements contain
Government-wide Financial Statements, Fund Financial
Statements and Notes to the Financial Statements.**

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,001,684	\$ 499,200	\$ 6,500,884
Investments	107,636	5,873	113,509
Receivables	619,189	847,722	1,466,911
Prepaid items	152,767	27,590	180,357
Restricted assets:			
Cash and cash equivalents	--	3,433,023	3,433,023
Net pension asset	189,706	--	189,706
Capital assets not being depreciated	1,896,107	26,746,884	28,642,991
Capital assets being depreciated, net	<u>11,970,099</u>	<u>1,365,916</u>	<u>13,336,015</u>
Total Assets	<u>20,937,188</u>	<u>32,926,208</u>	<u>53,863,396</u>
Liabilities			
Accounts payable	243,174	488,498	731,672
Accrued liabilities	542,859	82,290	625,149
Due to other governments	--	69,838	69,838
Interest payable	--	244,669	244,669
Retainage payable	--	391,959	391,959
Customer deposits	148,547	204,135	352,682
Noncurrent liabilities:			
Due within one year	152,272	848,381	1,000,653
Due in more than one year	<u>554,574</u>	<u>17,602,823</u>	<u>18,157,397</u>
Total Liabilities	<u>1,641,426</u>	<u>19,932,593</u>	<u>21,574,019</u>
Deferred Inflows of Resources			
Unearned revenue	<u>23,276</u>	<u>--</u>	<u>23,276</u>
Net Position			
Net investment in capital assets	13,562,457	12,832,672	26,395,129
Restricted for:			
Tourism	94,497	--	94,497
Transportation	131,475	--	131,475
Police forfeiture	138,143	--	138,143
Renewal and replacement	--	1,283,916	1,283,916
Loan reserve	--	324,000	324,000
Unrestricted	<u>5,345,914</u>	<u>(1,446,973)</u>	<u>3,898,941</u>
Total Net Position	<u>\$ 19,272,486</u>	<u>\$ 12,993,615</u>	<u>\$ 32,266,101</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities
Governmental Activities						
General government	\$ 3,555,197	\$ 1,395,993	\$ --	--	\$ (2,159,204)	\$ --
Public safety	4,404,897	645,803	65,641	--	(3,693,453)	--
Public works	1,034,890	--	--	350,000	(684,890)	--
Leisure services	1,767,787	404,443	--	--	(1,363,344)	--
Transportation	168,417	--	205,947	--	37,530	--
Interest on long-term debt	6,045	--	--	--	(6,045)	--
Total Governmental Activities	10,937,233	2,446,239	271,588	350,000	(7,869,406)	--
Business-type Activities						
Water and sewer	1,837,645	2,632,046	--	1,086,000	--	1,880,401
Municipal parking	888,502	1,056,467	--	--	--	167,965
Sanitation	1,131,680	1,238,942	--	--	--	107,262
Stormwater utility	144,999	499,705	--	--	--	354,706
Total Business-type Activities	4,002,826	5,427,160	--	1,086,000	--	2,510,334
Total	\$ 14,940,059	\$ 7,873,399	\$ 271,588	\$ 1,436,000	(7,869,406)	(5,359,072)
General Revenues						
Taxes						
Property taxes					5,257,726	--
Resort taxes					343,733	--
Franchise fees based on gross receipts					394,613	--
Utility taxes					503,592	--
Communications services tax					298,019	--
Unrestricted intergovernmental revenues					638,944	--
Unrestricted investment earnings					30,399	(13,811)
Miscellaneous revenues					241,930	--
Transfers					402,278	(402,278)
Total General Revenues and Transfers					8,111,234	(416,089)
Change in Net Position					241,828	2,094,245
Net Position - Beginning					19,030,658	10,899,370
Net Position - Ending					\$ 19,272,486	\$ 12,993,615

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,568,098	\$ 585,721	\$ 847,865	\$ 6,001,684
Investments	78,984	24,850	3,802	107,636
Receivables	465,941	100,200	53,048	619,189
Due from other funds	958,685	--	--	958,685
Prepaid items	152,767	--	--	152,767
Total Assets	\$ 6,224,475	\$ 710,771	\$ 904,715	\$ 7,839,961
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 209,069	\$ 18,388	\$ 15,717	\$ 243,174
Accrued liabilities	540,941	--	1,918	542,859
Due to other funds	--	437,120	521,565	958,685
Customer deposits	148,547	--	--	148,547
Total Liabilities	898,557	455,508	539,200	1,893,265
Deferred Inflows of Resources				
Unavailable revenue	21,876	--	1,400	23,276
Fund Balances				
Non-spendable:				
Prepaid items	152,767	--	--	152,767
Restricted for:				
Tourism	--	--	94,497	94,497
Transportation surtax	--	--	131,475	131,475
Police forfeiture	--	--	138,143	138,143
Assigned for:				
Hurricanes and emergencies	2,000,000	--	--	2,000,000
Capital projects	--	255,263	--	255,263
Unassigned	3,151,275	--	--	3,151,275
Total Fund Balances	5,304,042	255,263	364,115	5,923,420
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,224,475	\$ 710,771	\$ 904,715	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				13,866,206
A net pension asset is not considered to represent a financial asset and therefore is not reported in the governmental funds.				189,706
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.				
Compensated absences				(281,316)
Capital lease				(303,749)
Net OPEB obligation				(121,781)
Net Position of Governmental Activities				\$ 19,272,486

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 5,257,726	\$ --	\$ --	\$ 5,257,726
Resort taxes	343,733	--	180,266	523,999
Utility taxes	503,592	--	--	503,592
Communications services tax	298,019	--	--	298,019
Franchise fees	394,613	--	--	394,613
Licenses and permits	1,395,993	--	--	1,395,993
Intergovernmental	638,944	--	205,947	844,891
Charges for services	224,177	--	--	224,177
Fines and forfeitures	645,803	--	65,641	711,444
Developer fees	--	350,000	--	350,000
Investment earnings	23,833	5,735	831	30,399
Miscellaneous	230,219	--	14,015	244,234
Total Revenues	<u>9,956,652</u>	<u>355,735</u>	<u>466,700</u>	<u>10,779,087</u>
Expenditures				
Current:				
General government	3,116,668	98	271,280	3,388,046
Public safety	4,457,239	--	50,601	4,507,840
Public works	925,189	--	--	925,189
Leisure services	1,581,992	--	--	1,581,992
Transportation	--	--	123,254	123,254
Capital outlay	60,031	466,808	64,238	591,077
Debt service:				
Principal	123,380	--	--	123,380
Interest and fiscal charges	6,045	--	--	6,045
Total Expenditures	<u>10,270,544</u>	<u>466,906</u>	<u>509,373</u>	<u>11,246,823</u>
Deficiency of Revenues over Expenditures	<u>(313,892)</u>	<u>(111,171)</u>	<u>(42,673)</u>	<u>(467,736)</u>
Other Financing Sources (Uses)				
Transfers in	351,560	60,000	--	411,560
Transfers out	--	--	(9,282)	(9,282)
Total Other Financing Sources (Uses)	<u>351,560</u>	<u>60,000</u>	<u>(9,282)</u>	<u>402,278</u>
Net Change in Fund Balances	37,668	(51,171)	(51,955)	(65,458)
Fund Balances - Beginning, as Previously Reported	5,266,374	132,783	416,070	5,815,227
Prior Period Adjustment	--	173,651	--	173,651
Fund Balances - Beginning, as Restated	<u>5,266,374</u>	<u>306,434</u>	<u>416,070</u>	<u>5,988,878</u>
Fund Balances - Ending	<u>\$ 5,304,042</u>	<u>\$ 255,263</u>	<u>\$ 364,115</u>	<u>\$ 5,923,420</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Amounts reported for governmental activities in the statement of activities (Page 16) are different because:

Net change in fund balances - total governmental funds (Page 18)	\$ (65,458)
------------------------------------------------------------------	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

The details of the difference are as follows:

Cost of assets	\$ 585,759	
Depreciation and amortization	<u>(636,140)</u>	
Net adjustment		(50,381)
Loss on disposal of capital assets		(5,593)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This detail of the difference is as follows:

Repayment of principal	123,380
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The detail of the difference is as follows:

Claim settlement	274,802	
Compensated absences	15,193	
Net OPEB obligation	<u>(32,429)</u>	
Net adjustment		257,566

Governmental funds report pension contributions as expenditures.

However, contributions in excess of annual pension cost is reported as a net pension asset in the statement of net position.

Change in net position of governmental activities (Page 16)	<u>\$ 241,828</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Assets					
Current Assets					
Cash and cash equivalents	\$ 38,012	\$ 189,725	\$ 271,463	\$ --	\$ 499,200
Accounts receivable, net	647,746	15,661	80,505	96,705	840,617
Due from other funds	--	916,291	--	2,860,408	3,776,699
Due from other governments	--	--	7,105	--	7,105
Prepaid items	17,180	2,950	6,575	885	27,590
Total Current Assets	<u>702,938</u>	<u>1,124,627</u>	<u>365,648</u>	<u>2,957,998</u>	<u>5,151,211</u>
Noncurrent Assets					
Investments	5,873	--	--	--	5,873
Restricted cash and cash equivalents	1,906,402	--	--	1,526,621	3,433,023
Capital Assets					
Construction in progress	22,426,000	--	--	2,962,873	25,388,873
Land	--	1,358,011	--	--	1,358,011
Infrastructure	1,273,252	1,427,934	--	267,828	2,969,014
Equipment	157,215	468,019	378,200	--	1,003,434
	23,856,467	3,253,964	378,200	3,230,701	30,719,332
Less: accumulated depreciation	(1,299,278)	(894,544)	(312,432)	(100,278)	(2,606,532)
Total Capital Assets, Net	<u>22,557,189</u>	<u>2,359,420</u>	<u>65,768</u>	<u>3,130,423</u>	<u>28,112,800</u>
Total Noncurrent Assets	<u>24,469,464</u>	<u>2,359,420</u>	<u>65,768</u>	<u>4,657,044</u>	<u>31,551,696</u>
Total Assets	<u>25,172,402</u>	<u>3,484,047</u>	<u>431,416</u>	<u>7,615,042</u>	<u>36,702,907</u>
Liabilities					
Current Liabilities					
Accounts payable	407,449	29,678	28,006	23,365	488,498
Accrued liabilities	50,857	10,604	17,980	2,849	82,290
Due to other funds	3,776,699	--	--	--	3,776,699
Due to other governments	69,838	--	--	--	69,838
Interest payable	183,502	--	--	61,167	244,669
Retainage payable	355,474	--	--	36,485	391,959
Current portion note payable	--	80,000	--	--	80,000
Current portion of revenue bonds payable	410,055	--	--	136,685	546,740
Current portion of state revolving loan payable	158,987	--	--	52,996	211,983
Compensated absences	2,101	727	6,791	39	9,658
Customer deposits	188,664	6,860	8,611	--	204,135
Total Current Liabilities	<u>5,603,626</u>	<u>127,869</u>	<u>61,388</u>	<u>313,586</u>	<u>6,106,469</u>
Noncurrent Liabilities					
Net OPEB obligation	11,341	3,636	15,864	2,573	33,414
Compensated absences	18,917	6,548	61,122	353	86,940
Revenue bonds payable	7,781,967	--	--	2,656,641	10,438,608
State revolving loan payable	5,282,895	--	--	1,760,966	7,043,861
Total Noncurrent Liabilities	<u>13,095,120</u>	<u>10,184</u>	<u>76,986</u>	<u>4,420,533</u>	<u>17,602,823</u>
Total Liabilities	<u>18,698,746</u>	<u>138,053</u>	<u>138,374</u>	<u>4,734,119</u>	<u>23,709,292</u>
Deferred Inflows of Resources					
Unearned revenue	18,839	6,860	8,611	--	34,310
Net Position					
Net investment in capital assets	10,474,213	2,279,420	65,768	13,271	12,832,672
Restricted for renewal and replacement	1,017,776	--	--	266,140	1,283,916
Restricted for loan reserve	243,000	--	--	81,000	324,000
Unrestricted	(5,261,333)	1,066,574	227,274	2,520,512	(1,446,973)
Total Net Position	<u>\$ 6,473,656</u>	<u>\$ 3,345,994</u>	<u>\$ 293,042</u>	<u>\$ 2,880,923</u>	<u>\$ 12,993,615</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Operating Revenues					
Charges for services:					
Water sales	\$ 1,348,490	\$ --	\$ --	\$ --	\$ 1,348,490
Sewer charges	1,278,483	--	--	--	1,278,483
Parking fees	--	1,056,467	--	--	1,056,467
Solid waste fees	--	--	1,125,947	--	1,125,947
Recycling fees	--	--	85,151	--	85,151
Drainage fees	--	--	--	499,705	499,705
Miscellaneous	5,073	--	27,844	--	32,917
Total Operating Revenues	<u>2,632,046</u>	<u>1,056,467</u>	<u>1,238,942</u>	<u>499,705</u>	<u>5,427,160</u>
Operating Expenses					
Personal services	279,292	369,214	579,253	67,348	1,295,107
Administrative	50,783	431,712	134,515	50,199	667,209
Water system	483,868	--	--	--	483,868
Sewer system	971,156	--	--	--	971,156
Solid waste system	--	--	400,285	--	400,285
Depreciation and amortization	3,162	87,576	17,627	13,496	121,861
Total Operating Expenses	<u>1,788,261</u>	<u>888,502</u>	<u>1,131,680</u>	<u>131,043</u>	<u>3,939,486</u>
Operating Income	<u>843,785</u>	<u>167,965</u>	<u>107,262</u>	<u>368,662</u>	<u>1,487,674</u>
Nonoperating Revenues (Expenses)					
Interest earnings	2,605	--	--	264	2,869
Interest expense	(16,623)	--	--	(57)	(16,680)
Debt related costs	(49,384)	--	--	(13,956)	(63,340)
Total Nonoperating Revenues (Expenses)	<u>(63,402)</u>	<u>--</u>	<u>--</u>	<u>(13,749)</u>	<u>(77,151)</u>
Income Before Capital					
Contributions and Transfers	780,383	167,965	107,262	354,913	1,410,523
Capital contributions and grants	100,000	-	--	986,000	1,086,000
Transfers	(64,554)	(147,272)	(112,193)	(78,259)	(402,278)
Total Contributions and Transfers	<u>35,446</u>	<u>(147,272)</u>	<u>(112,193)</u>	<u>907,741</u>	<u>683,722</u>
Change in Net Position	815,829	20,693	(4,931)	1,262,654	2,094,245
Net Position - Beginning	<u>5,657,827</u>	<u>3,325,301</u>	<u>297,973</u>	<u>1,618,269</u>	<u>10,899,370</u>
Net Position - Ending	<u>\$ 6,473,656</u>	<u>\$ 3,345,994</u>	<u>\$ 293,042</u>	<u>\$ 2,880,923</u>	<u>\$ 12,993,615</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Cash Flows from Operating Activities					
Receipts from customers	\$ 2,622,779	\$ 1,046,754	\$ 1,241,146	\$ 497,271	\$ 5,407,950
Payments to suppliers	(511,140)	(517,683)	(523,863)	(511,414)	(2,064,100)
Payments to employees	(273,905)	(365,793)	(554,088)	(66,162)	(1,259,948)
Cash paid to other funds	--	(916,291)	--	(2,860,408)	(3,776,699)
Net Cash Provided by Operating Activities	<u>1,837,734</u>	<u>(753,013)</u>	<u>163,195</u>	<u>(2,940,713)</u>	<u>(1,692,797)</u>
Cash Flows from Noncapital Financing Activities					
Transfers out	(64,554)	(147,272)	(112,193)	(78,259)	(402,278)
Net Cash Provided (Used) by Noncapital and Financing Activities	<u>(64,554)</u>	<u>(147,272)</u>	<u>(112,193)</u>	<u>(78,259)</u>	<u>(402,278)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(8,578,025)	(220,020)	(13,859)	(654,861)	(9,466,765)
Capital contributions and grants	100,000	--	--	986,000	1,086,000
Principal payments	(518,055)	(80,000)	--	(110,032)	(708,087)
Interest expense and debt related costs	(62,250)	--	--	(57)	(62,307)
Proceeds of loans payable	5,521,375	--	--	1,840,459	7,361,834
Net Cash Used by Capital and Related Financing Activities	<u>(3,536,955)</u>	<u>(300,020)</u>	<u>(13,859)</u>	<u>2,061,509</u>	<u>(1,789,325)</u>
Cash Flows from Investing Activities					
Interest earnings	2,605	--	--	264	2,869
Sale of investments	4,877	--	--	--	4,877
Net Cash Provided by Investing Activities	<u>7,482</u>	<u>--</u>	<u>--</u>	<u>264</u>	<u>7,746</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,756,293)</u>	<u>(1,200,305)</u>	<u>37,143</u>	<u>(957,199)</u>	<u>(3,876,654)</u>
Cash and Cash Equivalents - Beginning	<u>3,700,707</u>	<u>1,390,030</u>	<u>234,320</u>	<u>2,483,820</u>	<u>7,808,877</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,944,414</u>	<u>\$ 189,725</u>	<u>\$ 271,463</u>	<u>\$ 1,526,621</u>	<u>\$ 3,932,223</u>
Cash and Cash Equivalents per Statement of Net Position					
Unrestricted	\$ 38,012	\$ 189,725	\$ 271,463	\$ --	\$ 499,200
Restricted	1,906,402	--	--	1,526,621	3,433,023
	<u>\$ 1,944,414</u>	<u>\$ 189,725</u>	<u>\$ 271,463</u>	<u>\$ 1,526,621</u>	<u>\$ 3,932,223</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income	\$ 843,785	\$ 167,965	\$ 107,262	\$ 368,662	\$ 1,487,674
Adjustments to reconcile operating income to net cash provided by (used) operating activities					
Depreciation and amortization	3,162	87,576	17,627	13,496	121,861
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(16,589)	(9,713)	9,309	(2,434)	(19,427)
Prepaid items	(12,596)	(2,192)	2,365	(279)	(12,702)
Due from other funds	--	(916,291)	(7,105)	(2,860,408)	(3,783,804)
Increase (decrease) in:					
Accounts payable	(2,134,240)	(87,916)	3,544	(462,703)	(2,681,315)
Accrued liabilities	(26,757)	4,137	4,747	1,767	(16,106)
Due to other funds	3,776,699	--	--	--	3,776,699
Other liabilities	(608,439)	--	--	--	(608,439)
Compensated absences	2,195	375	19,764	392	22,726
Net OPEB obligation	3,192	1,046	5,401	794	10,433
Unearned revenue	(7,813)	2,000	281	--	(5,532)
Customer deposits	15,135	--	--	--	15,135
Total adjustments	993,949	(920,978)	55,933	(3,309,375)	(3,180,471)
Net Cash Provided (Used) by Operating Activities	\$ 1,837,734	\$ (753,013)	\$ 163,195	\$ (2,940,713)	\$ (1,692,797)

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUND

SEPTEMBER 30, 2013

Assets

Cash and Cash Equivalents \$ 506,582

Receivables

Plan members' contributions 39,564
Due from broker for unsettled investment sales 84,559
Accrued investment income 38,710

Total Receivables 162,833

Prepaid Expenses 9,533

Investments, at Fair Value

U.S. Government securities 918,851
U.S. Government agency bonds 738,272
Mortgage backed securities 307,965
Corporate bonds 2,816,043
Municipal obligations 32,744
Common stocks 2,117,088
DROP Plan Assets 20,621
Mutual funds - I shares 7,029,002

Total Investments 13,980,586

Total Assets 14,659,534

Liabilities and Net Position

Liabilities

Accounts payable 11,796
Due to broker for unsettled investment purchases 119,654
DROP Plan Liability 20,621
Refunds payable 1,108

Total Liabilities 153,179

Net Position Held in Trust for Pension Benefits \$ 14,506,355

The accompanying notes are an integral part of these financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Additions

Contributions

Employer's contributions	\$ 664,394
Plan members' contributions	375,275
Buy back of contributions	<u>108,273</u>

Total Contributions 1,147,942

Investment Earnings

Interest	112,203
Dividends	207,056
Net appreciation in fair value of investments	<u>1,222,215</u>
	1,541,474
Less: investment expenses	<u>72,517</u>

Net Investment Earnings 1,468,957

Total Additions 2,616,899

Deductions

Benefits paid	533,907
Refunds of contributions	63,484
Administrative expenses	<u>69,278</u>

Total Deductions 666,669

Net Increase 1,950,230

Net Position Held in Trust for Pension Benefits

Net position - beginning	<u>12,556,125</u>
Net position - ending	<u><u>\$ 14,506,355</u></u>

The accompanying notes are an integral part of these financial statements.



NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside, Florida (The Town) was incorporated on May 19, 1935. The Town of Surfside's Charter was adopted under the provisions of Chapter 27914, Laws of Florida, 1951. The Town is governed by an elected five-member Town Commissioners and operates under a commissioner-manager form of government. The Town provides services to its approximately 5,800 residents in many areas including general government and administrative services, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water/sewer and stormwater utilities.

The summary of the Town's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

A. FINANCIAL REPORTING ENTITY

In accordance with accounting principles generally accepted in the United States of America, these financial statements present the Town and its organizations for which the Town is considered financially accountable. Financial accountability includes 1) the appointment of a voting majority of the organization's governing body, 2) the ability of the primary government to impose its will on the organization, or 3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. Based on the application of these criteria, there were no organizations that met the criteria described above.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The Town does not employ an indirect cost allocation system.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are provided to briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide governmental activities financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as required by accrual accounting, except for expenditures related to compensated absences, which are recorded when payment is due.

Property taxes and other taxes (such as franchise taxes, utilities taxes, and sales tax), charges for services, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The reporting practices of the proprietary fund types closely parallel comparable commercial financial reporting, which recognize revenue when earned and expenses when incurred (the accrual basis) including, in the case of the enterprise funds, depreciation on its exhaustible capital assets. Earned, but unbilled service receivables have been accrued as revenue in the enterprise funds.

GAAP sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are presented in the combining and individual fund financial statements and schedules section.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the capital projects of the Town which have received the approval of the Town Commission. Transfers from the general and other funds are made to this fund to cover such expenditures.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The Town reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer utility operations, which are financed and operated in manner similar to private business enterprises. The intent of the Town is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Municipal Parking Fund* accounts for all parking revenues and expenses. Parking citation revenue is allocated to the General Fund.

The *Sanitation Fund* is used to account for the activities of the Town residential, multi-family, and commercial refuse and recycling.

The *Stormwater Utility Fund* is used to account for the stormwater utility fees, which are collected to construct, operate, and maintain a stormwater management system.

Additionally, the government reports the following fund type:

The *Pension Trust Fund* is used to account for the Town's single-employer defined benefit pension plan covering substantially all of its employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise functions and various other functions of the Town for services rendered. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than *program revenues*. The general revenues include all taxes.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Proprietary Funds distinguish *operating revenues* and *expenses* from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the Town's enterprise fund are charges to customers for services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

1. Deposits and Investments

The Town utilizes a pooled cash account for cash of all Town funds other than those that are required to be physically segregated. The pooled cash account concept allows each participating fund to benefit from the economies of scale and improved yield which are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. The pooled cash system utilizes a single checking account for Town receipts and disbursements with a separate checking account for payroll disbursements.

The Town's cash and cash equivalents, for purposes of the statement of cash flows, are considered to be cash and short-term investments with original maturities of three months or less from the date of acquisition. The Town's cash and cash equivalents include cash on hand, demand deposits, and investments with Florida PRIME administered by the State Board of Administration. Fund B, which is also administered by the State Board of Administration, is classified as an investment.

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, *Local Government Investment Policies*, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. Investments in the Town of Surfside's local government surplus funds are governed by the provisions of Florida Statutes Section 218.415. Investments in the Town's retirement plan are governed by the Plan's investment policy. All investments of the Town, except Florida PRIME and Fund B, are reported at fair value using quoted market prices. The Florida PRIME is recorded at its value of the pool shares (2a-7 like pool), which is fair value. Fund B is a fluctuating NAV pool and is reported based on a fair value factor. Income or loss is recorded in the respective funds as it is earned.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

2. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

3. Receivables

Receivables include amounts due from other governments and others for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements. Prepaid items are accounted for under the purchases method.

5. Restricted Assets

Certain resources set aside for the repayment of certain obligations are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and/or their use is limited such as bond proceeds restricted for debt service and renewal and replacement under the terms of the revenue bonds. Additionally, the Town reports amounts paid for water and sewer development fees as restricted assets.

6. Capital Assets

Capital assets include property, buildings, machinery, furniture and equipment, intangible and infrastructure assets (e.g., sidewalks and other similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

6. Capital Assets (continued)

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for infrastructure and intangible assets for which the Town utilizes a \$25,000 capitalization threshold. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Town was not required to and did not retroactively report infrastructure assets acquired prior to the implementation of GASB Statement No. 34 during the fiscal year ended September 30, 2004.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town's business-type activities incurred interest costs of \$456,919 in the current fiscal year, all of which was capitalized.

Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives:

Assets	Years
Buildings	15-50
Machinery, furniture and equipment	5-10
Infrastructure	10-30
Intangibles	10-30

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are two types of items that qualify for reporting in this category:

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

7. Deferred Outflows/Inflows of Resources (continued)

Business tax receipts that are received by the Town prior to the period for which the taxes are levied are reported as deferred inflows on both the government-wide statement of net position, and on the governmental funds balance sheet.

At September 30, 2013, the Town had reported unearned revenue for business tax licenses as deferred inflows of resources in the Governmental Funds Balance Sheet.

8. Compensated Absences

The Town's policy is to permit employees to accumulate earned but unused sick as well as vacation pay benefits, limited to certain maximums. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of the governmental funds are typically liquidated from the general fund.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position.

10. Fund Equity

The Town follows the criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Town's accounting and financial policies are used to interpret the nature and/or requirements of the funds and their corresponding classification of nonspendable, restricted, committed, assigned or unassigned.

The following are the fund balance classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

10. Fund Equity (continued)

Restricted fund balance. Restricted fund balances are amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for the specific purposes determined by a formal action (Ordinance or resolution, which are equally binding) of the Town Commission, the Town's highest level of decision making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action (Ordinance or resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by management of the Town to which the Commission has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. There is no formal policy through which this authority has been established. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

11. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the Town Commission has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

12. Net Position

Net position of the government-wide and proprietary funds is categorized as net investment in capital assets, restricted or unrestricted. The net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding debt and deferred inflows/outflows of resources incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of either of the other two components. When expenditures are incurred for purposes for which both restricted and unrestricted net position is available, the Town considers restricted funds to have been spent first.

13. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

14. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from management's estimates.

15. Implementation of Governmental Accounting Standards Board Statements

The Town implemented the following GASB Statements during the year ended September 30, 2013:

GASB Statement No. 61, The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.

This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation), and certain requirements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2012. The Town has applied the requirements, as applicable, of Statement No. 61 effective October 1, 2012 and it had no impact on the Town's financial statements.

GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

This statement incorporates into GASB literature certain accounting and financial reporting guidance contained in the Pre-November 30, 1989 FASB and AICPA Pronouncements which does not conflict with GASB pronouncements which had no impact on the financial information in the current year.

GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all other elements presented in a statement of net position. This statement had an impact by adding new terminology in the current year.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (CONTINUED)

15. Implementation of Governmental Accounting Standards Board Statements (continued)

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.

This statement provides additional guidance for the items listed in GASB 63 and includes additional changes in accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer, or any other banking institution, eligible collateral of the depository. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

INVESTMENTS – TOWN

The Town's Investment Policy authorizes Town officials to invest in those instruments authorized by the Florida Statutes and the Town's Investment Policy, including the certificates of deposit and money market funds (placed with "qualified public depositories"); U.S. Treasury and Government Agency securities; corporate bonds; commercial paper; mutual funds; repurchase agreements; and the Florida PRIME administered by the Florida State Board of Administration.

Florida PRIME and Fund B are both governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

The Fund B does not meet the requirements of an SEC 2a-7 like fund and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2013, the fair value factor for Fund B was \$1.1326 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

As of September 30, 2013, the Town had the following investments:

	Fair Value	Weighted Average Maturity
Investments		
Florida PRIME	\$ 3,351,675	44 days
Fund B	<u>113,509</u>	4.04 years
Total Investments - Town	<u><u>\$ 3,465,184</u></u>	

Florida PRIME is presented as cash and cash equivalents in the financial statements.

Interest Rate Risk

The Town has an investment policy to invest in a manner that is consistent with sound business practices in order to protect the assets of the Town residents, provide effective cash management to meet anticipated obligations and earn a rate of return consistent with these inherent restraints. Safety of capital and liquidity are also inherent in the Town's policy. The policy is structured to provide sufficient liquidity to pay obligations as they come due. The Town's investment policy limits the maturities to no more than 7 years for direct United States obligations and to no more than 5 years for United States agency obligations and corporate obligations. Term repurchase agreements are limited to maturities of 90 days or less and certificate of deposits are limited to 2 years or less.

Credit Risk

The Town's investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). The Florida PRIME is rated AAAM by Standard and Poor's. The Fund B is not rated by an NRSRO.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – TOWN (CONTINUED)

Concentration of Credit Risk

The Town's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2013, the Town's portfolio did not have any investments subject to a concentration of credit risk.

INVESTMENTS – PENSION TRUST FUND

The investment activity of the Plan is directed by an investment advisory firm. All investments made or held by the Fund shall be limited to the following:

1. Cash equivalents.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Bonds issued by the State of Israel.
4. Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state, organized territory of the United States, or District of Columbia provided the corporation is listed on the recognized national stock exchanges or on the National Market System of the NASDAQ stock market, the issuer has an investment quality rating within the top three rating classifications by at least two major services (Standard and Poor's, Moody's or Fitch). Up to 10% of the bond portfolio may be invested in the fourth rating classification (by two of the above rating services).
5. Equity investments (common stock, convertible bonds and preferred stocks) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market and ETF exchange-traded funds.
6. Commingled equity, bond or money market funds whose investments are restricted to securities meeting the criteria of this section. Investments in equities are not to exceed 70% of the Fund assets at market, and no more than 5% at cost of the equities may be invested in a single company.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

As of September 30, 2013, the percentage of investment in equities, excluding the cash, ETF and IShares funds totaled 15.2% of the total investments. The ETF and IShares Funds are not under management. The cost and fair value of Fiduciary Net Position held in trust for Plan benefits at September 30 follows:

	2013	
	Cost	Fair Value
Cash and Cash Equivalents:		
U.S. Treasury portfolio	\$ 506,582	\$ 506,582
Investments:		
U.S. Government Securities	895,755	918,851
Government Agency bonds	739,708	738,272
Mortgage backed securities	294,362	307,965
Corporate bonds	2,860,110	2,816,043
Municipal bonds	30,000	32,744
Mutual funds	6,293,160	7,029,002
Common stocks	1,718,657	2,117,088
DROP Plan Assets	20,621	20,621
	<u>12,852,373</u>	<u>13,980,586</u>
Total	<u>\$ 13,358,955</u>	<u>\$ 14,487,168</u>

As of September 30, 2013, the Plan had the following investment types subject to interest rate risk:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 918,851	4.81
Government Agency bonds	738,272	2.00
Mortgage backed securities	307,965	2.00
Corporate bonds	2,816,043	5.21
Build America bonds (Municipal obligations)	<u>32,744</u>	<u>6.89</u>
Total Fair Value	<u>\$ 4,813,875</u>	
Portfolio Weighted Average Maturity		<u>4.25</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – PENSION TRUST FUND (CONTINUED)

Interest Rate Risk

In accordance with its investment policy, the Plan manages its exposure to declines in the fair market value of its securities through a conservative approach of managing portfolio exposure to duration, maturity and sector relative to market indices.

Credit Risk

State law limits investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Plan's policy to limit its investments in this investment type to the top two ratings issued by NRSROs. As of September 30, 2013, the Plan's investments in the U.S. Treasury Portfolio (cash and cash equivalents) were rated AAA by Standard & Poor's, and Aaa by Moody's Investors Service. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with the top three rating classifications by at least two major rating services (Standards & Poor, Moody's or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were ranked AAA and Aaa by Standard & Poor's, and Moody's, respectively.

Concentration of Credit Risk

The Town's investment policy does not allow for an investment in any one issuer, other than U.S. Government securities, that is in excess of five percent of the government's total investments. No investment in any one organization represents five percent or more of total investments.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the securities, whether fixed or equities are held in the name of the Plan.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2013 for the Town's major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Nonmajor Governmental	Water and Sewer	Municipal Parking	Sanitation	Stormwater Utility	Total
Receivables								
Property taxes	\$ 86,095	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 86,095
Intergovernmental	193,480	100,200	53,048	41,451	--	7,105	--	395,284
Other	186,366	--	--	18,747	15,661	--	--	220,774
Accounts - billed	--	--	--	123,248	--	94,710	14,656	232,614
Accounts - unbilled	--	--	--	472,377	--	--	82,049	554,426
Gross receivables	465,941	100,200	53,048	655,823	15,661	101,815	96,705	1,489,193
Less: allowance for uncollectibles	--	--	--	(8,077)	--	(14,205)	--	(22,282)
Total Receivables, Net	<u>\$ 465,941</u>	<u>\$ 100,200</u>	<u>\$ 53,048</u>	<u>\$ 647,746</u>	<u>\$ 15,661</u>	<u>\$ 87,610</u>	<u>\$ 96,705</u>	<u>\$ 1,466,911</u>

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments, also, are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mils. The millage rate assessed by the Town for the fiscal year ended September 30, 2013, was 5.3000. The tax levy of the Town is established by the Town Commission prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of taxes due and Miami-Dade County collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 4 – PROPERTY TAXES (CONTINUED)

discount and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of the State of Florida. As of September 30, 2013, there were no material delinquent taxes.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the interfund balances as of September 30, 2013 is as follows:

DUE TO/FROM OTHER FUNDS

Fund	Due From	Due To
General Fund	\$ 958,685	\$ --
Municipal Parking	916,291	--
Stormwater Utility	2,860,408	--
Water and Sewer	--	3,776,699
Capital Projects	--	437,120
Transportation Surtax	--	427,660
Police Forfeiture	--	93,905
Total Due From/To	\$ 4,735,384	\$ 4,735,384

Amounts receivable noted above represent short-term loans made to cover temporary negative cash balances in each fund's equity in pooled cash at year end.

INTERFUND TRANSFERS

Fund	Transfers In	Transfers Out
General Fund	\$ 351,560	\$ --
Capital Projects Fund	60,000	--
Transportation Surtax Fund (Nonmajor Fund)	--	9,282
Water and Sewer Fund	--	64,554
Municipal Parking Fund	--	147,272
Sanitation Fund	--	112,193
Stormwater Utility Fund	--	78,259
Total Interfund Transfers	\$ 411,560	\$ 411,560

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

INTERFUND TRANSFERS (CONTINUED)

General Fund Transfers In consisted entirely of \$351,560 from the Town's other funds providing cost reimbursement to recover general fund management, human resource utilization, payroll/accounts payable functions, pension/benefits management, billing, collection as well as legal recovery services.

Capital Projects Fund Transfers In consisted of \$60,000 transferred from the Stormwater Fund to provide funding for on-going construction projects

Stormwater Utility Fund Transfers Out consisted of \$78,259. \$60,000 was transferred to Capital Projects Fund for the reasons previously mentioned in the Capital Projects Fund. \$18,259 was transferred out to the General Fund for the reasons previously mentioned in the General Fund Transfers In above.

All of the Transfers Out pertaining to the Transportation Surtax (a nonmajor fund), Water and Sewer, Municipal Parking, and Sanitation Funds were transferred to reimburse the General Fund as previously mentioned.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,461,229	\$ --	\$ --	\$ 1,461,229
Construction in progress	411,606	426,879	403,607	434,878
Total Capital Assets Not Being Depreciated	<u>1,872,835</u>	<u>426,879</u>	<u>403,607</u>	<u>1,896,107</u>
Capital Assets Being Depreciated				
Buildings	10,551,831	6,231	173,653	10,384,409
Machinery, furniture and equipment	3,024,117	63,413	131,736	2,955,794
Infrastructure	2,315,800	492,846	--	2,808,646
Total Capital Assets Being Depreciated	<u>15,891,748</u>	<u>562,490</u>	<u>305,389</u>	<u>16,148,849</u>
Less: Accumulated Depreciation for				
Buildings	1,439,199	217,637	--	1,656,836
Machinery, furniture and equipment	1,581,593	305,444	126,141	1,760,896
Infrastructure	647,959	113,059	--	761,018
Total Accumulated Depreciation	<u>3,668,751</u>	<u>636,140</u>	<u>126,141</u>	<u>4,178,750</u>
Total Capital Assets Being Depreciated, Net	<u>12,222,997</u>	<u>(73,650)</u>	<u>179,248</u>	<u>11,970,099</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,095,832</u>	<u>\$ 353,229</u>	<u>\$ 582,855</u>	<u>\$ 13,866,206</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balances	Increase	Decrease	Ending Balances
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,358,011	\$ --	\$ --	\$ 1,358,011
Construction in progress	17,600,215	8,020,510	231,852	25,388,873
Total Capital Assets Not Being Depreciated	<u>18,958,226</u>	<u>8,020,510</u>	<u>231,852</u>	<u>26,746,884</u>
Capital Assets Being Depreciated				
Equipment	940,410	63,024	--	1,003,434
Infrastructure	2,718,195	250,819	--	2,969,014
Total Capital Assets Being Depreciated	<u>3,658,605</u>	<u>313,843</u>	<u>--</u>	<u>3,972,448</u>
Less: Accumulated Depreciation for				
Equipment	536,610	66,408	--	603,018
Infrastructure	1,948,062	55,452	--	2,003,514
Total Accumulated Depreciation	<u>2,484,672</u>	<u>121,860</u>	<u>--</u>	<u>2,606,532</u>
Total Capital Assets Being Depreciated, Net	<u>1,173,933</u>	<u>191,983</u>	<u>--</u>	<u>1,365,916</u>
Business-type Activities Capital Assets, Net	<u>\$ 20,132,159</u>	<u>\$ 8,212,493</u>	<u>\$ --</u>	<u>\$ 28,112,800</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities

General government	\$ 123,622
Public safety	171,859
Public works	109,701
Leisure services	185,795
Transportation	<u>45,163</u>

Total Depreciation and Amortization Expense –

Governmental Activities	<u>\$ 636,140</u>
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Business-type Activities

Water and sewer	\$ 3,163
Municipal parking	87,573
Sanitation	17,627
Stormwater utility	<u>13,497</u>

Total Depreciation and Amortization Expense –

Business-type Activities	<u>\$ 121,860</u>
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TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 7 – LONG TERM LIABILITIES

GOVERNMENTAL ACTIVITIES

The following is summary of changes in long-term liabilities of the Town for governmental activities for the fiscal year ended September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital lease	\$ 427,130	\$ -	\$ 123,381	\$ 303,749	\$ 124,140
Compensated absences	296,509	21,353	36,546	281,316	28,132
Net OPEB obligation	89,352	44,928	12,499	121,781	--
	<u>\$ 812,991</u>	<u>\$ 66,281</u>	<u>\$ 172,426</u>	<u>\$ 706,846</u>	<u>\$ 152,272</u>

BUSINESS-TYPE ACTIVITIES

The following is summary of changes in long-term liabilities of the Town for business-type activities for the fiscal year ended September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Revenue bonds series 2011	\$ 11,507,445	\$ --	\$ 522,097	\$ 10,985,348	\$ 546,740
Note payable	160,000	--	80,000	80,000	80,000
State Revolving Loan		7,361,834	105,990	7,255,844	211,983
Compensated absences	73,872	23,063	337	96,598	9,658
Net OPEB obligation	22,981	10,862	429	33,414	--
	<u>\$ 11,764,298</u>	<u>\$ 7,395,759</u>	<u>\$ 708,853</u>	<u>\$ 18,451,204</u>	<u>\$ 848,381</u>

The General Fund is typically used to liquidate the compensated absences and the Net OPEB obligation.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

UTILITY SYSTEM REVENUE BONDS SERIES 2011

On April 28, 2011, the Town issued a \$16,000,000 Utility System Revenue Bonds, Series 2011 to finance the cost of certain construction projects, including improvements for the existing facilities for the water, sewer, and storm water systems. Principal and interest is to be paid from the pledge of Water/Sewer and Storm Water fund revenues. Principal is paid annually. The Note bears interest of 4.720% payable semi-annually, and it matures on May 1, 2026. Total principal and interest remaining on the bond is \$15,319,887. For the current year, debt service which is comprised of accrued interest and principal payments is \$1,067,829. Pledged revenues were \$3,126,678.

Fiscal Year Ending September 30	Principal	Interest	Total
2014	\$ 546,740	\$ 518,508	\$ 1,065,248
2015	572,546	492,702	1,065,248
2016	599,571	465,678	1,065,249
2017	627,870	437,378	1,065,248
2018	657,506	407,743	1,065,249
2019-2023	3,783,395	1,542,847	5,326,242
2024-2026	<u>4,197,720</u>	<u>469,682</u>	<u>4,667,402</u>
	<u>\$ 10,985,348</u>	<u>\$ 4,334,539</u>	<u>\$ 15,319,887</u>

NOTE PAYABLE

On March 24, 2011, the Town signed two non-interest bearing promissory notes for \$120,000 each, proceeds of which were used to acquire property to be used for municipal parking. As of September 30, 2013, the outstanding balance was \$80,000. Payments are due on February 1st of each year. Payments are \$40,000 per year, per note, for a total payment of \$80,000 per year for 3 years to be paid from parking revenues.

STATE REVOLVING LOAN FUND

The Town executed a Clean Water State Revolving Fund Construction Loan Agreement #WW131710 with the State of Florida Department of Environmental Protection on August 24, 2012 in the amount of \$9,310,000 for the construction of Wastewater and Stormwater improvements. The loan bearing an interest rate of 1.87% matures on January 15, 2033. Proceeds in the amount of \$7,361,834 were received during the 2013 fiscal year.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

STATE REVOLVING LOAN FUND (CONTINUED)

The principal total outstanding at September 30, 2013 is \$7,255,844. The loan is secured by the net water, sewer and stormwater revenues after payment of debt service on the Town's existing series obligations. Total debt service for fiscal year 2013 was \$162,000 and the pledged revenue was \$3,126,698. The loan is payable in semi-annual payments over 20 years beginning on July 15, 2013 and is payable each January 15 and July 15. The final repayment of the loan by the Town will be computed after the final disbursement of loan proceeds from the State based on the actual project costs, the actual loan service fee and capitalized interest, and actual dates and amounts of disbursements by the State.

CAPITAL LEASES

The Town entered into two separate lease agreements, at different dates, totaling approximately \$500,000 for the purpose of financing the acquisition of Police vehicles for the Town. Both lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date.

The first lease agreement was entered into on September 26, 2011. The lease agreement was for the amount of \$300,000 with an applicable annual interest rate of 1.5848%. The second lease agreement was entered into on March 23, 2012. The lease agreement was for the amount of \$200,000 with an applicable annual interest rate of 1.5640%. Both are payable every six months.

Asset Acquired Under the Capital Lease

Machinery and equipment	\$ 444,176
Accumulated depreciation	<u>(133,250)</u>
	<u>\$ 310,926</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 were as follows:

Fiscal Year Ending September 30,	Amount
2014	\$ 129,425
2015	129,425
2016	<u>52,090</u>
Total minimum lease payments	310,940
Less: interest portion	<u>7,191</u>
Present Value of Future Minimum Lease Payments	<u>\$ 303,749</u>

NOTE 8 – EMPLOYEE RETIREMENT PLAN

The following brief description of the Retirement Plan is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

PLAN DESCRIPTION

The Retirement Plan is a contributory defined benefit single-employer retirement plan covering substantially all employees of the Town of Surfside. All full-time employees are eligible to participate in the Plan immediately upon employment. The administration of the Plan is under the responsibility of a five-member Board of Trustees, which is subject to the ultimate authority of the Town Commission.

The Retirement Plan was established by a Town ordinance approved by the Commissioners and effective January 1, 1962. The Plan is also subject to certain provisions of Chapter 112, Florida Statutes. The benefit provisions and all other requirements, and amendments are established by Town Ordinance. The benefits provided to the Fraternal Order of Police (FOP) members are subject to collective bargaining.

Financial statements for the Retirement Plan for Employees of the Town are separately issued and are available at the Town Hall location at 9293 Harding Avenue, Surfside, Florida.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

CONTRIBUTIONS AND FUNDING POLICY

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town contributions to the Plan totaled \$534,209 for the year ended September 30, 2013. Additionally, the Town made a contribution of \$130,185 for a Police Officer who was reinstated during the year ended December 31, 2013. The Actuarial Report advised the Town its minimum required contribution to the Plan for the year ending September 30, 2015 is \$727,022.

General Employees

Initially employees were required to contribute either 5% of their salary or after October 1, 1979, members as of that date had the irrevocable option to contribute either 5% or 7% of their compensation. Effective July 1, 1996, each member had the irrevocable option to increase his or her contribution rate from 5% to 7% or 8% of compensation.

Police Officers

Certified law enforcement members of the plan contribute eight percent (8%) of earnable compensation to the Plan.

The Town maintains a five-year Deferred Retirement Option (DROP) Program for Police Officers. The eligibility requirement is attainment of normal retirement date. The maximum period of participation in the DROP is five years. A Police Officer's account shall be credited with interest based upon the actual Fund investment return. No payments may be made from the DROP until the employee actually separates from service with the Town.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Retirement Plan for Employees of the Town of Surfside's financial statements are prepared on the accrual basis of accounting, reflecting income when earned and contributions for the year (regardless of when received) and expenses and other obligations when incurred (regardless of when paid). Benefit payments and refunds of contributions are recorded as they become due, and payable in accordance with the terms of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and payable, and the employer has made a formal commitment to provide the contributions.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method Used to Value Investments

The Retirement Plan investments are reported at fair value, and are managed by third-party money managers. The Retirement Plan's custodian and individual money manager price each instrument (using various third party pricing sources) and reconcile material differences. Investments that do not have an established market are reported at estimated value. Performance reporting, manager fees, and the retirement's asset valuation are based on the custodian's determination of value.

The net position of the Retirement Fund is the difference between the total plan assets and the total plan liabilities, and are held in trust for pension benefits.

Both realized and unrealized gains/losses are recognized under the Net Appreciation (in the Fair Value of Investments).

Investment and administrative expenses of the Plan may be paid either by the Town or by the Plan. It is the policy of the Town that these expenses are to be paid by the Plan.

ANNUAL PENSION COST AND NET PENSION ASSET

The Town's annual pension cost and net pension asset (NPA) for the current year are as follows:

Annual Required Contribution	\$ 549,888
Interest on Net Pension Asset	(15,554)
Adjustment to ARC	<u>17,561</u>
Annual Pension Cost	551,895
Town Contributions	<u>(534,209)</u>
Decrease in NPA	17,686
Net Pension Asset:	
Beginning of year	<u>(207,392)</u>
End of year	<u><u>\$ (189,706)</u></u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

ANNUAL PENSION COST AND NET PENSION ASSET (CONTINUED)

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The APC for the last three fiscal years follows:

Fiscal Year End	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
September 30, 2011	\$ 628,266	100%	\$ (217,686)
September 30, 2012	525,734	98%	(207,392)
September 30, 2013	551,891	97%	(189,706)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of October 1, 2013, the date of the most recent actuarial valuation date, is as follows:

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
* October 1, 2013	\$ 14,125,280	\$ 15,732,302	\$ 1,607,022	89.8%	\$ 5,181,920	31.0%
** October 1, 2013	14,125,280	15,767,546	1,642,266	89.6%	5,181,920	31.7%

* Prior to Plan Amendment and update in actuarial assumptions

** After Plan Amendment and update in actuarial assumptions

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 8 – EMPLOYEE RETIREMENT PLAN (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

Additional information as of the October 1, 2011, Actuarial Valuation Report, which was used to compute the annual required contribution for the year ended September 30, 2013, as well as information as of the latest Actuarial Valuation Report dated October 1, 2012 is as follows:

Actuarial valuation date	October 1, 2011	October 1, 2012
Contribution rates:		
Employer	13.0%	14.0%
Plan members	7.0%	6.8%
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization	30 years	30 years
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	3.0% - 13.5%	3.0% - 13.5%
Cost of living adjustments	1.5%	1.5%
*Includes inflation at	4.0%	4.0%

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

The Town follows the standards for *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's Statement of Net Position as an increase (or decrease) in the Net OPEB obligation.

PLAN DESCRIPTION

The Town provides an optional single employer defined benefit post-employment healthcare plan to eligible individuals. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health and dental insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY AND ANNUAL OPEB COST

The Town does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Town for active employees by its healthcare provider. However, the Town's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The annual OPEB cost for the Town for the current year and the related information is as follows:

	<u>Pay-as-you-go</u>
Required contribution rates:	
Employer	N/A
Plan members	
Annual required contribution	\$ 56,187
Interest on normal cost	4,423
Adjustment to the annual required contribution	<u>(12,801)</u>
Annual OPEB cost	47,809
Estimated employer contribution	<u>(4,947)</u>
Increase in net OPEB obligation	42,862
Net OPEB obligation - Beginning of Year	<u>112,333</u>
 Net OPEB Obligation - End of Year	 <u>\$ 155,195</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

THREE YEAR TREND INFORMATION

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

	2013	2012	2011
Annual OPEB cost	\$ 47,809	\$ 51,252	\$ 48,494
Percentage of OPEB cost contributed	10.3%	25.2%	18.8%
Net OPEB obligation	155,195	112,333	73,983

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of October 1, 2012, the latest actuarial valuation, was as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
\$ --	\$ 271,313	\$ 271,313	0.0%	\$ 4,359,957	6.2%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the Town has not contributed assets to the plan at this time.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Actuarial valuation date	10/1/2012
Actuarial cost method	Entry Age
Amortization method	Level percent, open
Remaining amortization	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	4.0%
Projected salary increases*	4.0% - 13.5%
Payroll growth assumptions	3.0%
Initial trend rate	9.0%
Ultimate trend rate	4.5%
* Includes inflation at	4.0%

NOTE 10 – COMMITMENTS AND CONTINGENCIES

RISK MANAGEMENT

The Town is exposed to various risks and losses related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town participates with other municipalities and governmental units in a public entity risk pool administered by the Florida League of Cities Public Risk Services known as the Florida Municipal Insurance Trust (FMIT). The Town pays annual premiums to the FMIT for its general liability insurance, commercial real and personal property, including electronic data processing equipment, automobile, liability, and physical damage insurance coverage.

The Town also participates in the Florida League of Cities public risk pool known as the Florida Municipal Self Insurers Fund (FMSIF) to which it pays annual premiums for its workers compensation insurance. The agreement with these public risk pools provides that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for workers' compensation and liability insurance for claims in excess of \$1,000,000. All policies are issued by FMIT and FMSIF on a non-assessable basis.

TOWN OF SURFSIDE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

RISK MANAGEMENT (CONTINUED)

The Town maintains commercial insurance for corporate fiduciary liability, flood, and windstorm coverage. There were no reductions, only increases in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

LITIGATION

The Town is a defendant in various lawsuits incidental to its operations. It is the opinion of Town Management and Town Legal Counsel, that the ultimate resolution of these matters will not have a material adverse effect on the financial position and results of operations of the Town.

CONSTRUCTION COMMITMENTS

During the fiscal year 2012, the Town entered into agreements for water/sewer and stormwater improvements for approximately \$15.6 million. As of September 30, 2013, the remaining obligation was approximately \$304,000.

**REQUIRED SUPPLEMENTARY
INFORMATION
(OTHER THAN MANAGEMENT'S DISCUSSION AND
ANALYSIS)**

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 5,348,249	\$ 5,348,249	\$ 5,257,726	\$ (90,523)
Resort taxes	378,500	383,277	343,733	(39,544)
Utility taxes	459,000	459,000	503,592	44,592
Communications services tax	345,903	345,903	298,019	(47,884)
Franchise taxes	436,000	436,000	394,613	(41,387)
Licenses and permits	1,439,650	1,447,465	1,395,993	(51,472)
Intergovernmental	627,119	627,119	638,944	11,825
Charges for services	197,705	197,705	224,177	26,472
Fines and forfeitures	546,091	546,091	645,803	99,712
Interest earnings	10,000	10,000	23,833	13,833
Miscellaneous	85,451	110,451	230,219	119,768
Total Revenues	<u>9,873,668</u>	<u>9,911,260</u>	<u>9,956,652</u>	<u>45,392</u>
Expenditures				
Current:				
General government:				
Legislative	64,900	73,622	66,473	7,149
Legal services	538,609	626,002	553,639	72,363
Executive, finance and administration	<u>2,652,128</u>	<u>2,781,062</u>	<u>2,496,556</u>	<u>284,506</u>
Total general government	3,255,637	3,480,686	3,116,668	364,018
Public safety	4,263,390	4,666,516	4,586,664	79,852
Public works	881,849	1,037,247	925,189	112,058
Leisure services	1,659,352	1,788,145	1,581,992	206,153
Capital outlay	<u>15,000</u>	<u>191,539</u>	<u>60,031</u>	<u>131,508</u>
Total Expenditures	<u>10,075,228</u>	<u>11,164,133</u>	<u>10,270,544</u>	<u>893,589</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(201,560)</u>	<u>(1,252,873)</u>	<u>(313,892)</u>	<u>938,981</u>
Other Financing Sources (Uses)				
Capital lease transaction	-	100,000	-	100,000
Transfers in	351,560	351,560	351,560	--
Transfers out	<u>(150,000)</u>	<u>(34,152)</u>	<u>--</u>	<u>(34,152)</u>
Total Other Financing Sources (Uses)	<u>201,560</u>	<u>417,408</u>	<u>351,560</u>	<u>65,848</u>
Net Change in Fund Balances	<u>\$ --</u>	<u>\$ (835,465)</u>	<u>\$ 37,668</u>	
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ 835,465</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures to establish the budgetary data reflected in the financial statements:

Annual appropriated budgets for the governmental (except for the capital projects fund) and proprietary funds are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to August 1, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Commission holds a public workshop on the proposed budget. Formal public hearings are conducted in September to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally adopted by resolution.

Budgets are monitored at the department level. Budgetary control over expenditures, including capital outlay and transfers, is maintained at the fund level whereby management cannot transfer or over expend appropriations at the individual fund level. Beginning fund balances, available for financing current appropriations, are considered in the budgetary process but have not been included in the financial statements of the governmental fund types as budgeted revenues.

The Town Manager is authorized to transfer part or all of an encumbered appropriation balance within a particular department or fund; however, any revisions that alter the total appropriations of any fund must be approved by the Town Commission.

If during the course of the fiscal year, it becomes evident that a particular fund is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption. All necessary supplemental appropriations are adopted by the Town Commission as part of the budget review process and are included in the "Final Budget" columns on the schedule of revenues, expenditures and changes in fund balance – budget and actual. There was \$1,088,905 of supplemental appropriations in the General Fund.

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts or other forms of legal commitments. While appropriations lapse at the end of each year, the succeeding year's budget ordinance specifically provides for the reappropriation of year end encumbrances.

TOWN OF SURFSIDE, FLORIDA

RETIREMENT PLAN FOR EMPLOYEES

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/08	\$ 11,701,487	\$ 10,971,286	\$ (730,201)	106.7%	\$ 4,568,544	(16.0)%
10/1/09	11,697,998	11,662,297	(35,701)	100.3%	4,059,522	(0.9)%
10/1/10	12,304,770	12,414,859	110,089	99.1%	4,016,852	2.7%
10/1/11	12,487,404	13,272,023	784,619	94.1%	4,053,208	19.4%
10/1/12 *	12,768,869	14,165,870	1,397,001	90.1%	4,359,957	32.0%
10/1/12 **	12,768,869	14,671,617	1,902,748	87.0%	4,359,957	43.6%
10/1/13 *	14,125,280	15,732,302	1,607,022	89.8%	5,181,920	31.0%
10/1/13 **	14,125,280	15,767,546	1,642,266	89.6%	5,181,920	31.7%

* Prior to Plan Amendment and update in actuarial assumptions

** After Plan Amendment and update in actuarial assumptions

TOWN OF SURFSIDE, FLORIDA

RETIREMENT PLAN FOR EMPLOYEES

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended September 30,	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 384,905	100%
2009	423,747	100%
2010	553,919	100%
2011	625,963	100%
2012	515,440	100%
2013	539,209	100%

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS* POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) ÷ c)
October 1, 2009	\$ --	\$ 315,926	\$ 315,926	0.0%	\$ 4,364,293	7.2%
October 1, 2012	--	271,313	271,313	0.0%	4,359,957	6.2%

*GASB Statement No. 45, Other Post Employment Benefits (OPEB), was implemented for the fiscal year ended September 30, 2010.



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism Fund – This fund is used to account for the 34 percent portion of the resort tax collections, which are restricted to promote tourism related activities of the Town which are restricted to approved functions and activities.

Transportation Surtax Fund – This fund is used to account for the restricted proceeds of the Town's allocable share of the Miami-Dade County Transit System Surtax. The expenditures from this fund are restricted to specific purposes.

Police Forfeiture Fund – This fund is used to account for the restricted proceeds of police forfeitures and confiscations, and expenditures, which are restricted to approved functions and activities.

TOWN OF SURFSIDE, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Assets				
Cash and cash equivalents	\$ 94,619	\$ 521,363	\$ 231,883	\$ 847,865
Investments	--	--	3,802	3,802
Receivables	7,746	45,302	--	53,048
Total Assets	<u>\$ 102,365</u>	<u>\$ 566,665</u>	<u>\$ 235,685</u>	<u>\$ 904,715</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 4,550	\$ 7,530	\$ 3,637	\$ 15,717
Accrued liabilities	1,918	--	--	1,918
Due to other funds	--	427,660	93,905	521,565
Total Liabilities	<u>6,468</u>	<u>435,190</u>	<u>97,542</u>	<u>539,200</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>1,400</u>	<u>--</u>	<u>--</u>	<u>1,400</u>
Fund Balances				
Restricted for:				
Tourism	94,497	--	--	94,497
Transportation surtax	--	131,475	--	131,475
Police forfeiture	--	--	138,143	138,143
Total Fund Balances	<u>94,497</u>	<u>131,475</u>	<u>138,143</u>	<u>364,115</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 102,365</u>	<u>\$ 566,665</u>	<u>\$ 235,685</u>	<u>\$ 904,715</u>

TOWN OF SURFSIDE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Tourism	Transportation Surtax	Police Forfeiture	
Revenues				
Resort taxes	\$ 180,266	\$ --	\$ --	\$ 180,266
Intergovernmental	--	205,947	--	205,947
Forfeitures	--	--	65,641	65,641
Interest	--	--	831	831
Miscellaneous	14,015	--	--	14,015
Total Revenues	<u>194,281</u>	<u>205,947</u>	<u>66,472</u>	<u>466,700</u>
Expenditures				
General government	271,280	--	--	271,280
Public safety	--	--	50,601	50,601
Transportation	--	123,254	--	123,254
Capital outlay	--	64,238	--	64,238
Total Expenditures	<u>271,280</u>	<u>187,492</u>	<u>50,601</u>	<u>509,373</u>
Excess (Deficiency) of Revenues Over Expenditures	(76,999)	18,455	15,871	(42,673)
Other Financing Uses				
Transfers out	--	(9,282)	--	(9,282)
Net Change in Fund Balances	(76,999)	9,173	15,871	(51,955)
Fund Balances - Beginning	<u>171,496</u>	<u>122,302</u>	<u>122,272</u>	<u>416,070</u>
Fund Balances - Ending	<u>\$ 94,497</u>	<u>\$ 131,475</u>	<u>\$ 138,143</u>	<u>\$ 364,115</u>

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TOURISM FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
Revenues				
Resort taxes	\$ 175,092	\$ 175,092	\$ 180,266	\$ 5,174
Miscellaneous	<u>28,530</u>	<u>28,530</u>	<u>14,015</u>	<u>(14,515)</u>
Total Revenues	<u>203,622</u>	<u>203,622</u>	<u>194,281</u>	<u>(9,341)</u>
Expenditures				
Current:				
General government	<u>230,811</u>	<u>304,661</u>	<u>271,280</u>	<u>33,381</u>
Total Expenditures	<u>230,811</u>	<u>304,661</u>	<u>271,280</u>	<u>33,381</u>
Net Change in Fund Balance	<u>\$ (27,189)</u>	<u>\$ (101,039)</u>	<u>\$ (76,999)</u>	<u>\$ 24,040</u>
Appropriated Beginning Fund Balance	<u>\$ 27,189</u>	<u>\$ 101,039</u>		

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TRANSPORTATION SURTAX FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 185,650	\$ 185,650	\$ 205,947	\$ 20,297
Interest	180	180	--	(180)
Total Revenues	<u>185,830</u>	<u>185,830</u>	<u>205,947</u>	<u>20,117</u>
Expenditures				
Current:				
General government	176,548	165,080	123,254	41,826
Capital outlay	--	113,500	64,238	49,262
Total Expenditures	<u>176,548</u>	<u>278,580</u>	<u>187,492</u>	<u>91,088</u>
Excess of Revenues over Expenditures	<u>9,282</u>	<u>(92,750)</u>	<u>18,455</u>	<u>(111,205)</u>
Other Financing Uses				
Transfers out	(9,282)	(9,282)	(9,282)	--
Net Changes in Fund Balance	<u>\$ --</u>	<u>\$ (102,032)</u>	<u>\$ 9,173</u>	<u>\$ (111,205)</u>
Appropriated Beginning Fund Balance	<u>\$ --</u>	<u>\$ 102,032</u>		

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL POLICE FORFEITURE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget - Positive (Negative)
Revenues				
Forfeitures	\$ 94,031	\$ 94,031	\$ 65,641	\$ (28,390)
Interest earnings	<u>100</u>	<u>100</u>	<u>831</u>	<u>731</u>
Total Revenues	<u>94,131</u>	<u>94,131</u>	<u>66,472</u>	<u>(27,659)</u>
Expenditures				
Current:				
Public safety	<u>162,490</u>	<u>162,490</u>	<u>50,601</u>	<u>111,889</u>
Total Expenditures	<u>162,490</u>	<u>162,490</u>	<u>50,601</u>	<u>111,889</u>
Net Change in Fund Balance	<u>\$ (68,359)</u>	<u>\$ (68,359)</u>	<u>\$ 15,871</u>	<u>\$ 84,230</u>
Appropriated Beginning Fund Balance	<u>\$ 68,359</u>	<u>\$ 68,359</u>		

STATISTICAL SECTION



Town of Surfside, Florida
Introduction to Statistical Section
(Unaudited)

This part of the 's Town of Surfside, Florida' comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited.

Contents

Exhibits

Financial Trends

These tables contain trend information that may assist the reader in assessing the Town's current financial performance by placing it in historical perspective.

I - XII

Revenue Capacity

These tables contain information that may assist the reader in assessing the viability of the Town's most significant "own-source" revenue source, property taxes.

XIII-XVII

Debt Capacity

These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. However, the Town does not have any outstanding general obligation bonded debt.

Demographic and Economic Information

These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Town operates and (2) to provide information that facilitates comparisons of financial statement information over time and among towns.

XIX-XXI

Operating Information

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the Town's financial statements relates to the services the Town provides and the activities it performs.

XXII-XXIII

Data Source:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year. The Town implemented GASB Statement No. 34 in fiscal year 2004, therefore exhibits presenting government-wide financial data include only nine years of information.

Town of Surfside, Florida
Changes in Net Position - Governmental Activities (Unaudited)
Last Ten Fiscal Years¹
(accrual basis of accounting)

For the Fiscal Year Ended September 30,										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
General government	\$ 2,423,644	\$ 2,464,164	\$ 4,016,141	\$ 3,586,294	\$ 3,933,155	\$ 2,844,246	\$ 2,404,067	\$ 2,791,917	\$ 3,117,750	\$ 3,555,197
Public safety	2,388,141	2,664,931	3,029,368	3,599,072	3,703,961	4,094,093	3,786,485	4,099,678	4,418,680	4,404,897
Physical environment	736,607	909,393	1,161,599	959,705	848,334	961,381	803,147	829,383	980,590	1,034,890
Culture and recreation	992,699	1,247,493	1,460,284	1,238,174	1,748,556	1,558,000	1,086,071	1,139,460	1,691,572	1,767,787
Tourism development	147,451	131,335	146,885	89,635	-	-	-	-	-	-
Transportation	28,845	37,034	53,941	-	173,759	114,121	105,682	124,500	138,815	168,417
Interest	-	-	-	-	-	-	-	-	4,754	6,045
Total Expenses	6,717,387	7,454,350	9,868,218	9,472,880	10,407,765	9,571,841	8,185,452	8,984,938	10,352,161	10,937,233
Program Revenues:										
Charges for services:										
General government	869,361	370,259	257,767	340,597	169,749	198,504	374,556	459,549	1,274,946	1,395,993
Public safety	130,614	180,367	150,781	205,692	287,324	199,614	-	479,795	626,372	645,803
Leisure services	307,693	359,731	391,914	162,549	125,120	123,327	144,757	166,570	387,170	404,443
Tourism development	1,277	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	516	-	-
Operating grants and contributions	10,625	-	350,165	316,547	325,309	269,317	382,635	401,300	245,305	271,588
Capital grants and contributions	-	-	-	-	-	-	-	1,275	-	350,000
Total Program Revenues	1,319,570	910,357	1,150,627	1,025,385	907,502	790,762	901,948	1,509,005	2,533,793	3,067,827
Net (Expense) Revenue	(5,397,817)	(6,543,993)	(8,717,591)	(8,447,495)	(9,500,263)	(8,781,079)	(7,283,504)	(7,475,933)	(7,818,368)	(7,869,406)
General Revenues:										
Taxes:										
Property taxes	3,952,662	4,735,259	5,846,079	7,377,056	6,292,755	6,325,721	5,323,728	5,619,494	5,264,387	5,257,726
Resort taxes	534,731	505,346	546,264	477,563	424,279	366,867	390,873	435,175	344,063	343,733
Franchise fees based on gross receipts	401,532	385,984	470,541	453,901	463,823	416,728	414,835	416,277	399,621	394,613
Utility taxes	698,599	717,418	446,933	457,905	438,335	66,825	120,307	470,350	471,994	503,592
Communications services tax	-	-	281,143	272,870	337,348	385,486	343,440	353,667	325,102	298,019
Unrestricted intergovernmental revenues	685,798	590,402	662,034	584,219	519,837	862,137	905,255	657,120	639,582	638,944
Unrestricted investment earnings (losses)	127,922	263,603	563,494	639,616	194,695	(36,049)	98,208	37,368	62,782	30,399
Miscellaneous	227,295	58,743	544,216	57,941	49,503	81,280	56,481	138,283	205,832	241,930
Total General Revenues	6,628,539	7,256,755	9,360,704	10,321,071	8,720,575	8,468,995	7,653,127	8,127,734	7,713,363	7,708,956
Net Transfers In (Out)	(55,000)	(258,833)	(284,134)	-	(110,940)	121,893	208,502	212,172	26,329	402,278
Total General Revenues Net Transfers	6,573,539	6,997,922	9,076,570	10,321,071	8,609,635	8,590,888	7,861,629	8,339,906	7,739,692	8,111,234
Change in Net Position	\$ 1,175,722	\$ 453,929	\$ 358,979	\$ 1,873,576	\$ (890,628)	\$ (190,191)	\$ 578,125	\$ 863,973	\$ (78,676)	\$ 241,828

Data Source:

Applicable years' comprehensive annual financial report.

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 63.

Town of Surfside, Florida
Changes in Net Position- Governmental Activities - Percentage of Total (Unaudited)
Last Ten Fiscal Years ¹
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
General government	36.1%	33.1%	40.7%	37.9%	37.8%	29.7%	29.4%	31.1%	30.1%	32.5%
Public safety	35.6%	35.8%	30.7%	38.0%	35.6%	42.8%	46.3%	45.6%	42.7%	40.3%
Physical environment	11.0%	12.2%	11.8%	10.1%	8.2%	10.0%	9.8%	9.2%	9.5%	9.5%
Culture and recreation	14.8%	16.7%	14.8%	13.1%	16.8%	16.3%	13.3%	12.7%	16.3%	16.2%
Tourism development	2.2%	1.8%	1.5%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transportation	0.3%	0.5%	0.5%	0.0%	1.7%	1.2%	1.3%	1.4%	1.4%	1.5%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Charges for services:										
General government	65.9%	40.7%	22.4%	33.2%	18.7%	25.1%	41.5%	30.5%	50.3%	45.5%
Public safety	9.9%	19.8%	13.1%	20.1%	31.7%	25.2%	0.0%	31.8%	24.7%	21.1%
Leisure services	23.3%	39.5%	34.1%	15.9%	13.8%	15.6%	16.0%	11.0%	15.3%	13.2%
Tourism development	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating grants and contributions	0.8%	0.0%	30.4%	30.9%	35.8%	34.1%	42.5%	26.7%	9.7%	8.9%
Capital grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%
Total Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Taxes:										
Property taxes	59.6%	65.3%	62.5%	71.5%	72.2%	74.7%	69.6%	69.1%	68.3%	68.2%
Resort taxes	8.1%	7.0%	5.8%	4.6%	4.9%	4.3%	5.1%	5.4%	4.5%	4.5%
Franchise fees based on gross receipts	6.1%	5.3%	5.0%	4.4%	5.3%	4.9%	5.4%	5.1%	5.2%	5.1%
Utility taxes	10.5%	9.9%	4.8%	4.4%	5.0%	0.8%	1.6%	5.8%	6.1%	6.5%
Communications services tax	0.0%	0.0%	3.0%	2.6%	3.9%	4.6%	4.5%	4.4%	4.2%	3.9%
Unrestricted intergovernmental revenues	10.3%	8.1%	7.1%	5.7%	6.0%	10.2%	11.8%	8.1%	8.3%	8.3%
Unrestricted investment earnings (losses)	1.9%	3.6%	6.0%	6.2%	2.2%	-0.4%	1.3%	0.5%	0.8%	0.4%
Miscellaneous	3.5%	0.8%	5.8%	0.6%	0.5%	0.9%	0.7%	1.6%	2.6%	3.1%
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Data Source:										
Applicable years' comprehensive annual financial report.										

Town of Surfside, Florida
Changes in Net Position - Business-type Activities
Last Ten Fiscal Years ¹
(accrual basis of accounting)

Source	For the Fiscal Year Ended September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Water and sewer	\$ 1,379,880	\$ 1,178,986	\$ 1,360,734	\$ 1,428,258	\$ 1,788,324	\$ 1,669,477	\$ 1,990,702	\$ 1,818,762	\$ 1,730,300	\$ 1,837,645
Municipal parking	134,292	143,472	107,555	176,715	188,086	174,680	222,108	368,497	622,208	888,502
Sanitation	875,509	920,923	1,412,283	1,172,075	1,139,619	1,018,579	949,505	1,022,897	1,073,281	1,131,680
Stormwater utility	57,044	62,268	82,940	100,970	115,723	128,910	114,086	122,207	130,323	144,999
Total Expenses	2,446,725	2,305,649	2,963,512	2,878,018	3,231,752	2,991,646	3,276,401	3,332,363	3,556,112	4,002,826
Program Revenues:										
Charges for services:										
Water and sewer	1,569,718	1,555,453	1,521,173	1,512,757	1,352,247	1,966,915	2,518,218	2,876,010	2,785,348	2,632,046
Municipal parking	336,475	335,327	282,430	288,959	296,600	394,975	404,293	679,970	893,026	1,056,467
Sanitation	785,509	750,510	806,053	798,028	782,024	1,251,695	1,244,547	1,231,887	1,219,689	1,238,942
Stormwater utility	115,504	115,407	115,324	114,134	114,219	243,775	247,002	501,655	502,972	499,705
Operating grants and contributions	-	12,952	333,674	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	761	12,500	-	-	567,710	276,844	1,086,000
Total Program Revenues	2,807,206	2,769,649	3,058,654	2,714,639	2,557,590	3,857,360	4,414,060	5,857,232	5,677,879	6,513,160
Net (Expense) Revenue	360,481	464,000	95,142	(163,379)	(674,162)	865,714	1,137,659	2,524,869	2,121,767	2,510,334
General Revenues:										
Investment earnings	30,820	82,036	151,372	201,052	101,307	2,569	15,622	15,130	14,790	(13,811)
Capital contributions	-	-	-	-	-	-	108,947	-	-	-
Net Transfers	55,000	258,833	285,656	-	110,940	(121,893)	(208,502)	(212,172)	(26,329)	(402,278)
Total General Revenues	85,820	340,869	437,028	201,052	212,247	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)
Change in Net Position	\$ 446,301	\$ 804,869	\$ 532,170	\$ 37,673	\$ (461,915)	\$ 746,390	\$ 1,053,726	\$ 2,327,827	\$ 2,110,228	\$ 2,094,245

Data Source:

Applicable years' comprehensive annual financial report.

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 63.

Town of Surfside, Florida
Changes in Total Net Position
*Last Ten Fiscal Years*³
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities ¹	\$ 6,717,387	\$ 7,454,350	\$ 9,868,218	\$ 9,472,880	\$ 10,407,765	\$ 9,571,841	\$ 8,185,452	\$ 8,984,938	\$ 10,352,161	\$ 10,937,233
Business-type activities ²	2,446,725	2,305,649	2,963,512	2,878,018	3,231,752	2,991,646	3,276,401	3,332,363	3,556,112	4,002,826
Total Expenses	9,164,112	9,759,999	12,831,730	12,350,898	13,639,517	12,563,487	11,461,853	12,317,301	13,908,273	14,940,059
Program Revenues:										
Governmental activities ¹	1,319,570	910,357	1,150,627	1,025,385	907,502	790,762	901,948	1,509,005	2,533,793	3,067,827
Business-type activities ²	2,807,206	2,769,649	3,058,654	2,714,639	2,557,590	3,857,360	4,414,060	5,857,232	5,677,879	6,513,160
Total Program Revenues	4,126,776	3,680,006	4,209,281	3,740,024	3,465,092	4,648,122	5,316,008	7,366,237	8,211,672	9,580,987
Net (Expense) Revenue	(5,037,336)	(6,079,993)	(8,622,449)	(8,610,874)	(10,174,425)	(7,915,365)	(6,145,845)	(4,951,064)	(5,696,601)	(5,359,072)
General Revenues and Transfers:										
Governmental activities ¹	6,573,539	6,997,922	9,076,570	10,321,071	8,609,635	8,590,888	7,861,629	8,339,906	7,739,692	8,111,234
Business-type activities ²	85,820	340,869	437,028	201,052	212,247	(119,324)	(83,933)	(197,042)	(11,539)	(416,089)
Total General Revenues	6,659,359	7,338,791	9,513,598	10,522,123	8,821,882	8,471,564	7,777,696	8,142,864	7,728,153	7,695,145
Change in Net Position	\$ 1,622,023	\$ 1,258,798	\$ 891,149	\$ 1,911,249	\$ (1,352,543)	\$ 556,199	\$ 1,631,851	\$ 3,191,800	\$ 2,031,552	\$ 2,336,073

Notes:

¹ See Exhibit I

² See Exhibit III

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 62

Town of Surfside, Florida
Government-wide Net Position by Category I
Last Ten Fiscal Years
(accrual basis of accounting)

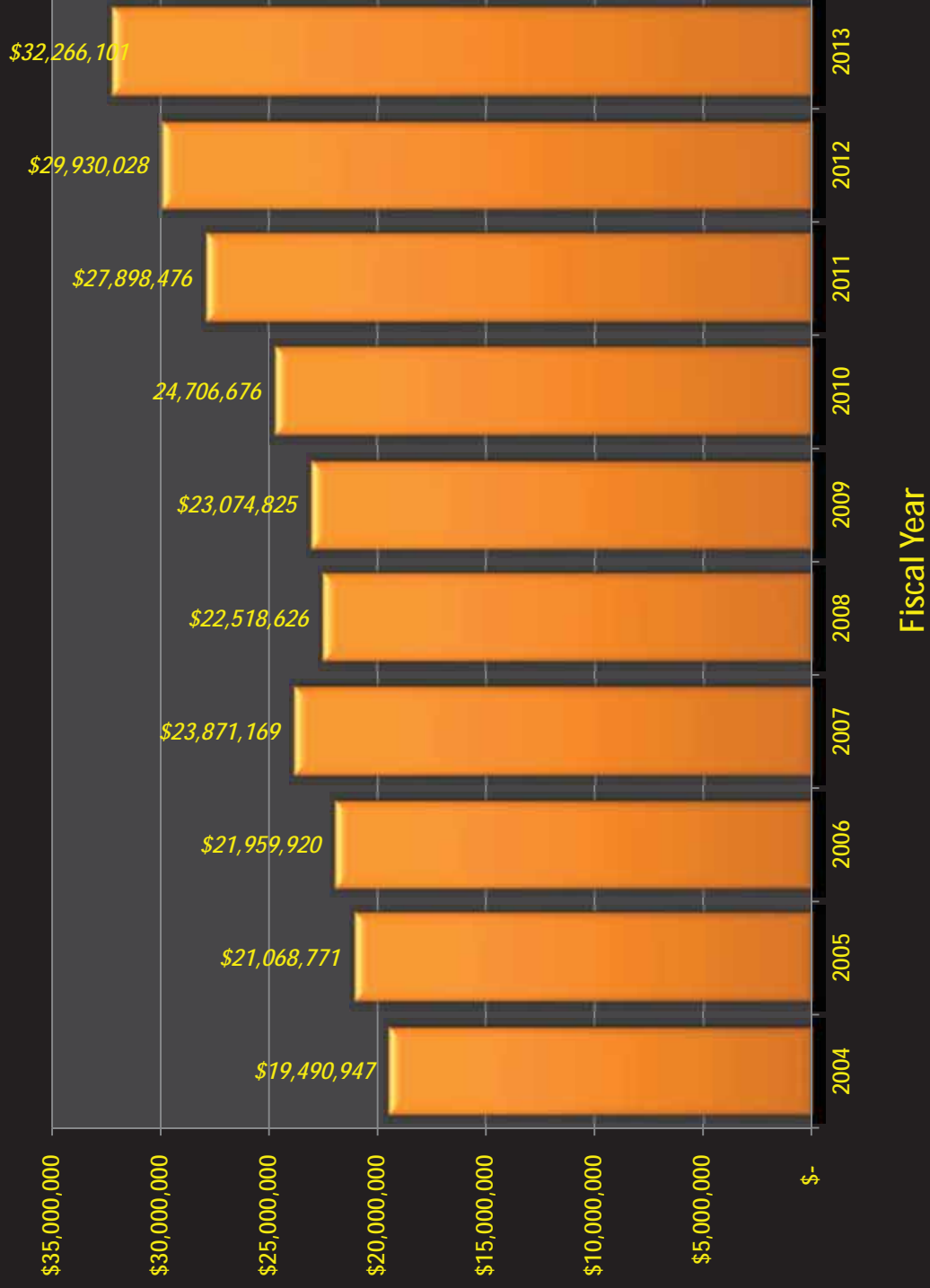
September 30,										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 6,469,295	\$ 6,583,160	\$ 8,204,180	\$ 8,014,197	\$ 9,102,085	\$ 9,205,412	\$ 9,596,672	\$ 14,039,238	\$ 13,528,097	\$ 13,562,457
Restricted	3,327,718	3,538,145	822,422	788,412	819,427	724,122	667,360	542,516	416,070	364,115
Unrestricted	5,945,532	6,394,195	7,847,877	9,945,446	7,935,915	7,737,702	7,981,329	4,527,580	5,086,491	5,345,914
Subtotal Governmental Activities Net Position	15,742,545	16,515,500	16,874,479	18,748,055	17,857,427	17,667,236	18,245,361	19,109,334	19,030,658	19,272,486
Business-type Activities										
Net investment in capital assets	771,812	778,258	921,947	740,133	963,195	1,278,825	2,037,308	4,102,675	11,239,664	12,832,672
Restricted	340,824	342,346	343,868	343,868	1,689,815	1,358,811	1,822,858	1,822,858	1,283,916	1,607,916
Unrestricted	2,635,766	3,432,667	3,819,626	4,039,113	2,008,189	2,769,953	2,601,149	2,863,609	(1,624,210)	(1,446,973)
Subtotal Business-type Activities Net Position	3,748,402	4,553,271	5,085,441	5,123,114	4,661,199	5,407,589	6,461,315	8,789,142	10,899,370	12,993,615
Primary Government										
Net investment in capital assets	7,241,107	7,361,418	9,126,127	8,754,330	10,065,280	10,484,237	11,633,980	18,141,913	24,767,761	26,395,129
Restricted	3,668,542	3,880,491	1,166,290	1,132,280	2,509,242	2,082,933	2,490,218	2,365,374	1,699,986	1,972,031
Unrestricted	8,581,298	9,826,862	11,667,503	13,984,559	9,944,104	10,507,655	10,582,478	7,391,189	3,462,281	3,898,941
Total Primary Government Net Position	\$ 19,490,947	\$ 21,068,771	\$ 21,959,920	\$ 23,871,169	\$ 22,518,626	\$ 23,074,825	\$ 24,706,676	\$ 27,898,476	\$ 29,930,028	\$ 32,266,101

Notes:

¹ Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Florida or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the Town. There are no restrictions currently reported as a result of enabling legislation.

Note: Terminology for all years presented has been updated with the implementation of GASB Statement No. 63.

Town of Surfside, Florida
Chart-Total Government-wide Net Position
Last Ten Fiscal Years
(accrual basis of accounting)



Town of Surfside, Florida
General Governmental Revenues by Source (Unaudited) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue Source	Amounts									
Taxes	\$ 5,587,524	\$ 6,344,007	\$ 7,590,960	\$ 9,039,295	\$ 7,956,540	\$ 7,561,627	\$ 6,936,623	\$ 7,294,963	\$ 6,984,747	\$ 6,977,949
Intergovernmental	685,798	788,467	1,008,198	858,405	887,507	1,131,454	745,540	967,988	830,878	844,891
Licenses and permits	365,350	259,024	256,007	340,597	169,749	198,504	374,556	459,549	1,274,946	1,395,993
Charges for services	301,923	356,725	391,537	162,549	125,120	123,327	144,757	166,183	207,563	224,177
Fines and forfeitures	636,673	311,961	156,755	205,692	287,324	199,614	190,243	570,227	678,567	711,444
Developer fees	-	-	-	-	-	-	-	-	-	350,000
Investment earnings	127,922	263,603	563,494	639,616	194,695	(36,049)	103,576	39,545	58,819	30,399
Miscellaneous	242,917	59,941	544,379	57,941	49,503	96,289	59,781	138,283	211,636	244,234
Total Revenues	\$ 7,948,107	\$ 8,383,728	\$ 10,511,330	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076	\$ 9,636,738	\$ 10,247,156	\$ 10,779,087
% change from prior year	18.3%	5.5%	25.4%	7.5%	-14.5%	-4.1%	-7.8%	12.6%	6.3%	5.2%
	Percentages									
Taxes	70.3%	75.7%	72.2%	80.0%	82.3%	81.5%	81.1%	75.7%	68.2%	64.7%
Intergovernmental	8.6%	9.4%	9.6%	7.6%	9.2%	12.2%	8.7%	10.0%	8.1%	7.8%
Licenses and permits	4.6%	3.1%	2.4%	3.0%	1.8%	2.1%	4.4%	4.8%	12.4%	13.0%
Charges for services	3.8%	4.3%	3.7%	1.4%	1.3%	1.3%	1.7%	1.7%	2.0%	2.1%
Fines and forfeitures	8.0%	3.7%	1.5%	1.8%	3.0%	2.3%	2.2%	5.9%	6.6%	6.6%
Developer fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%
Investment earnings	1.6%	3.1%	5.4%	5.7%	2.0%	-0.4%	1.2%	0.4%	0.6%	0.3%
Miscellaneous	3.1%	0.7%	5.2%	0.5%	0.4%	1.0%	0.7%	1.4%	2.1%	2.3%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

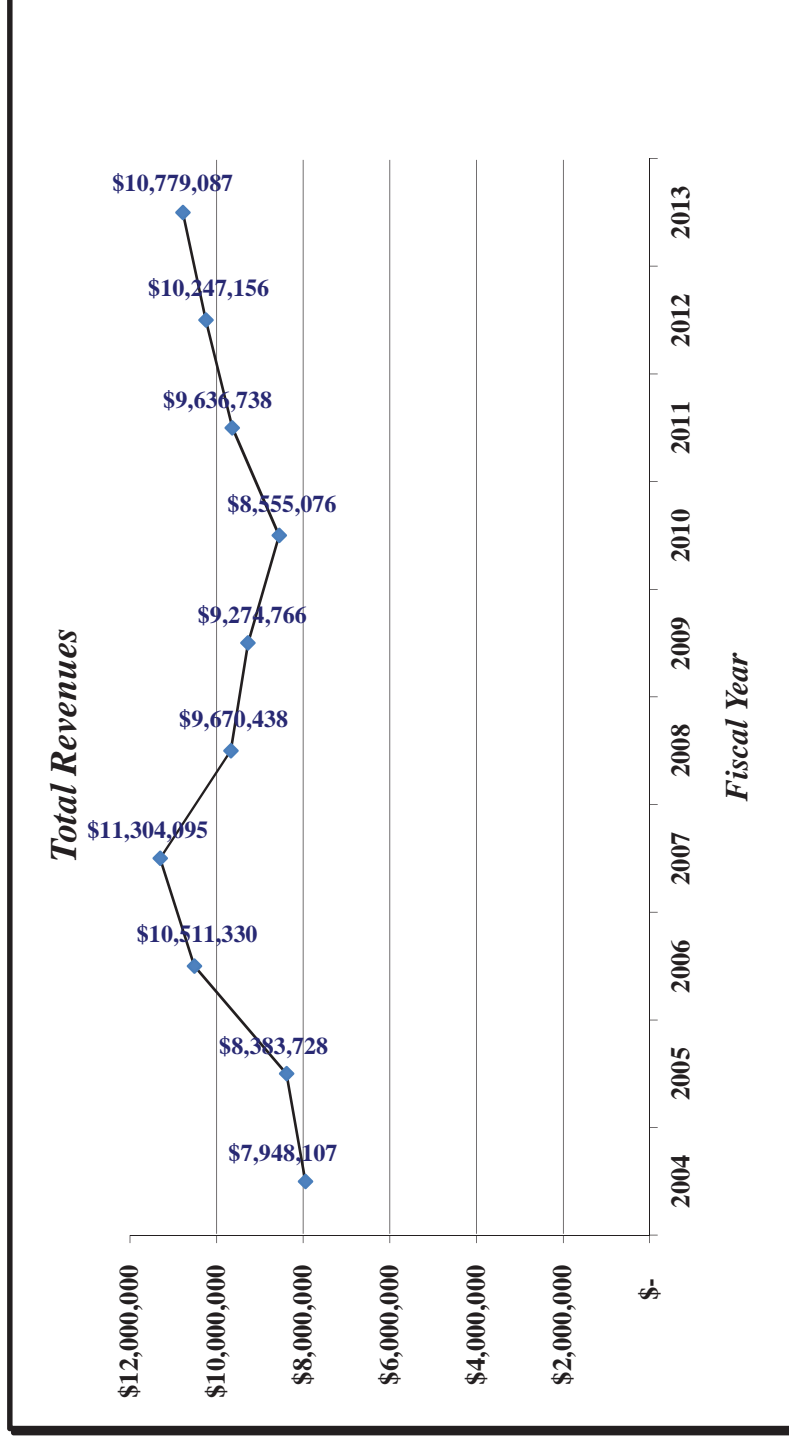
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Chart-Total General Governmental Revenues (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



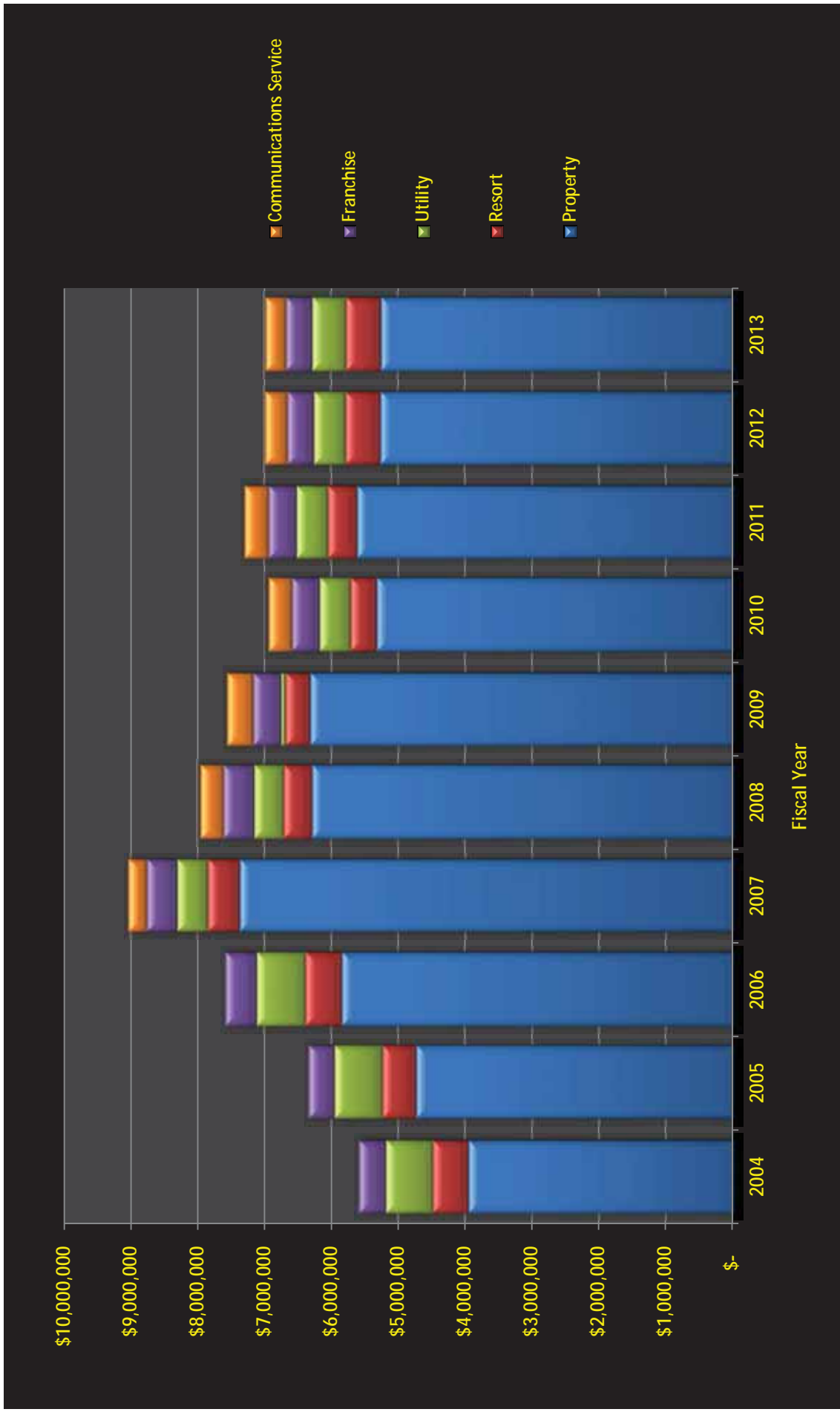
Town of Surfside, Florida
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended September 30,	Amounts				Communications	
	Property	Resort	Utility	Franchise	Service	Total
2004	\$ 3,952,662	\$ 534,731	\$ 698,599	\$ 401,532	\$ -	\$ 5,587,524
2005	4,735,259	505,346	717,418	385,984	-	6,344,007
2006	5,846,079	546,264	728,076	470,541	-	7,590,960
2007	7,377,056	477,563	457,905	453,901	272,870	9,039,295
2008	6,292,755	424,279	438,335	463,823	337,348	7,956,540
2009	6,325,721	366,867	66,825	416,728	385,486	7,561,627
2010	5,323,728	390,873	463,747	414,835	343,440	6,936,623
2011	5,619,494	435,175	470,350	416,277	353,667	7,294,963
2012	5,264,387	523,643	471,994	399,621	325,102	6,984,747
2013	5,257,726	523,999	503,592	394,613	298,019	6,977,949
% Change in Dollars Over 10 Years	33.0%	-2.0%	-27.9%	-1.7%	100.0%	24.9%
	Percentage of Total					
2004	70.7%	9.6%	12.5%	7.2%	0.0%	100.0%
2005	74.6%	8.0%	11.3%	6.1%	0.0%	100.0%
2006	77.0%	7.2%	9.6%	6.2%	0.0%	100.0%
2007	81.6%	5.3%	5.1%	5.0%	3.0%	100.0%
2008	79.1%	5.3%	5.5%	5.8%	4.2%	100.0%
2009	83.7%	4.9%	0.9%	5.5%	5.1%	100.0%
2010	76.7%	5.6%	6.7%	6.0%	5.0%	100.0%
2011	77.0%	6.0%	6.4%	5.7%	4.8%	100.0%
2012	75.4%	7.5%	6.8%	5.7%	4.6%	100.0%
2013	75.3%	7.5%	7.2%	5.7%	4.6%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Chart-Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



Town of Surfside, Florida
General Governmental Expenditures by Function (Unaudited) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	For the Fiscal Year Ended September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Current:										
General government	\$ 2,604,325	\$ 2,763,146	\$ 4,556,094	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046
Public safety	2,292,629	2,537,447	2,870,994	3,501,367	3,584,295	3,928,491	3,648,766	3,957,265	3,990,274	4,507,840
Physical environment	716,840	882,428	869,936	833,631	749,358	855,526	695,642	720,888	873,549	925,189
Culture and recreation	778,698	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449	1,123,446	1,529,608	1,581,992
Transportation	-	-	-	76,722	159,979	99,476	91,037	106,292	117,044	123,254
Total Current	6,392,492	7,165,395	9,424,974	9,105,711	9,610,094	9,038,524	7,728,448	8,211,414	9,428,240	10,526,321
% Change From Prior Year	24.7%	12.1%	31.5%	-3.4%	5.5%	-5.9%	-14.5%	6.2%	14.8%	11.6%
Capital Outlay	712,975	474,141	1,979,702	321,287	1,903,727	611,486	877,372	5,157,666	650,979	591,077
% Change From Prior Year	12.1%	-33.5%	317.5%	-83.8%	492.5%	-67.9%	43.5%	487.9%	-87.4%	-9.2%
Debt Service										
Principal	-	-	-	-	-	-	-	-	72,944	123,380
Interest	-	-	-	-	-	-	-	-	4,754	6,045
Total Debt Service	-	-	-	-	-	-	-	-	77,698	129,425
% Change From Prior Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Total Expenditures	\$ 7,105,467	\$ 7,639,536	\$ 11,404,676	\$ 9,426,998	\$ 11,513,821	\$ 9,650,010	\$ 8,605,820	\$ 13,369,080	\$ 10,156,917	\$ 11,246,823
% Change From Prior Year	30.6%	7.5%	49.3%	-17.3%	22.1%	-16.2%	-10.8%	55.3%	-24.0%	10.7%
Debt Service as a % of Noncapital Expenditures ⁶	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	1.2%

Notes:¹ Includes all governmental fund types.**Data Source:**

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
General Governmental Current Expenditures by Function (Unaudited) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

For the Fiscal Year Ended September 30,										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function	Amounts									
Current:										
General government	\$ 2,604,325	\$ 2,763,146	\$ 4,556,094	\$ 3,549,729	\$ 3,828,840	\$ 2,703,868	\$ 2,315,554	\$ 2,303,523	\$ 2,917,765	\$ 3,388,046
Public safety	2,292,629	2,537,447	2,870,994	3,501,367	3,584,295	3,928,491	3,648,766	3,957,265	3,990,274	4,507,840
Physical environment	716,840	882,428	869,936	833,631	749,358	855,526	695,642	720,888	873,549	925,189
Culture and recreation	778,698	982,374	1,127,950	1,144,262	1,287,622	1,451,163	977,449	1,123,446	1,529,608	1,581,992
Transportation	-	-	-	76,722	159,979	99,476	91,037	106,292	117,044	123,254
Total Current	\$ 6,392,492	\$ 7,165,395	\$ 9,424,974	\$ 9,105,711	\$ 9,610,094	\$ 9,038,524	\$ 7,728,448	\$ 8,211,414	\$ 9,428,240	\$ 10,526,321
	Percentage of Total									
Current:										
General government	40.7%	38.6%	48.3%	39.0%	39.8%	29.9%	30.0%	28.1%	30.9%	32.2%
Public safety	35.9%	35.4%	30.5%	38.5%	37.3%	43.5%	47.2%	48.2%	42.3%	42.8%
Physical environment	11.2%	12.3%	9.2%	9.2%	7.8%	9.5%	9.0%	8.8%	9.3%	8.8%
Culture and recreation	12.2%	13.7%	12.0%	12.6%	13.4%	16.1%	12.6%	13.7%	16.2%	15.0%
Transportation	0.0%	0.0%	0.0%	0.7%	1.7%	1.0%	1.2%	1.3%	1.3%	1.3%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

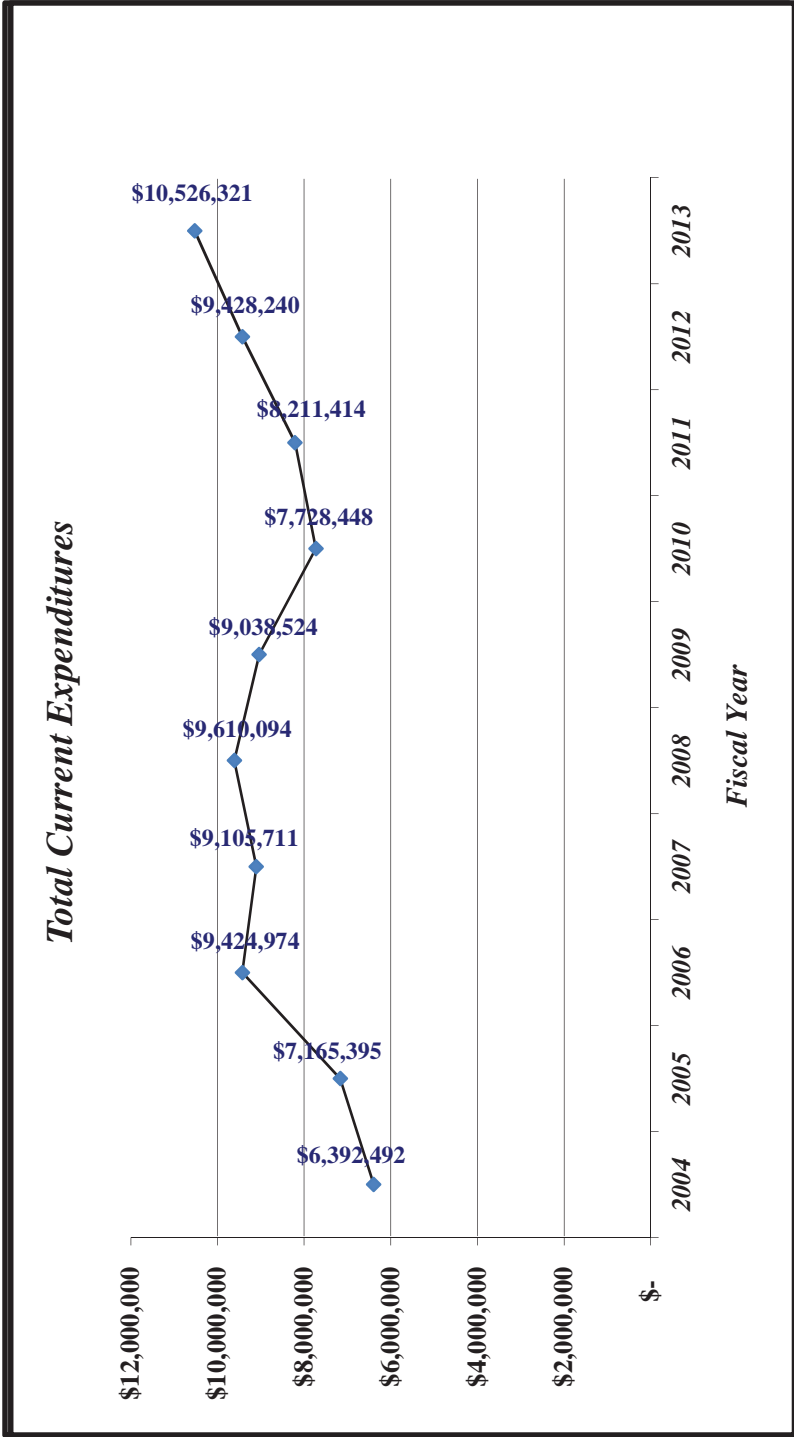
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Chart-Total General Governmental Current Expenditures (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

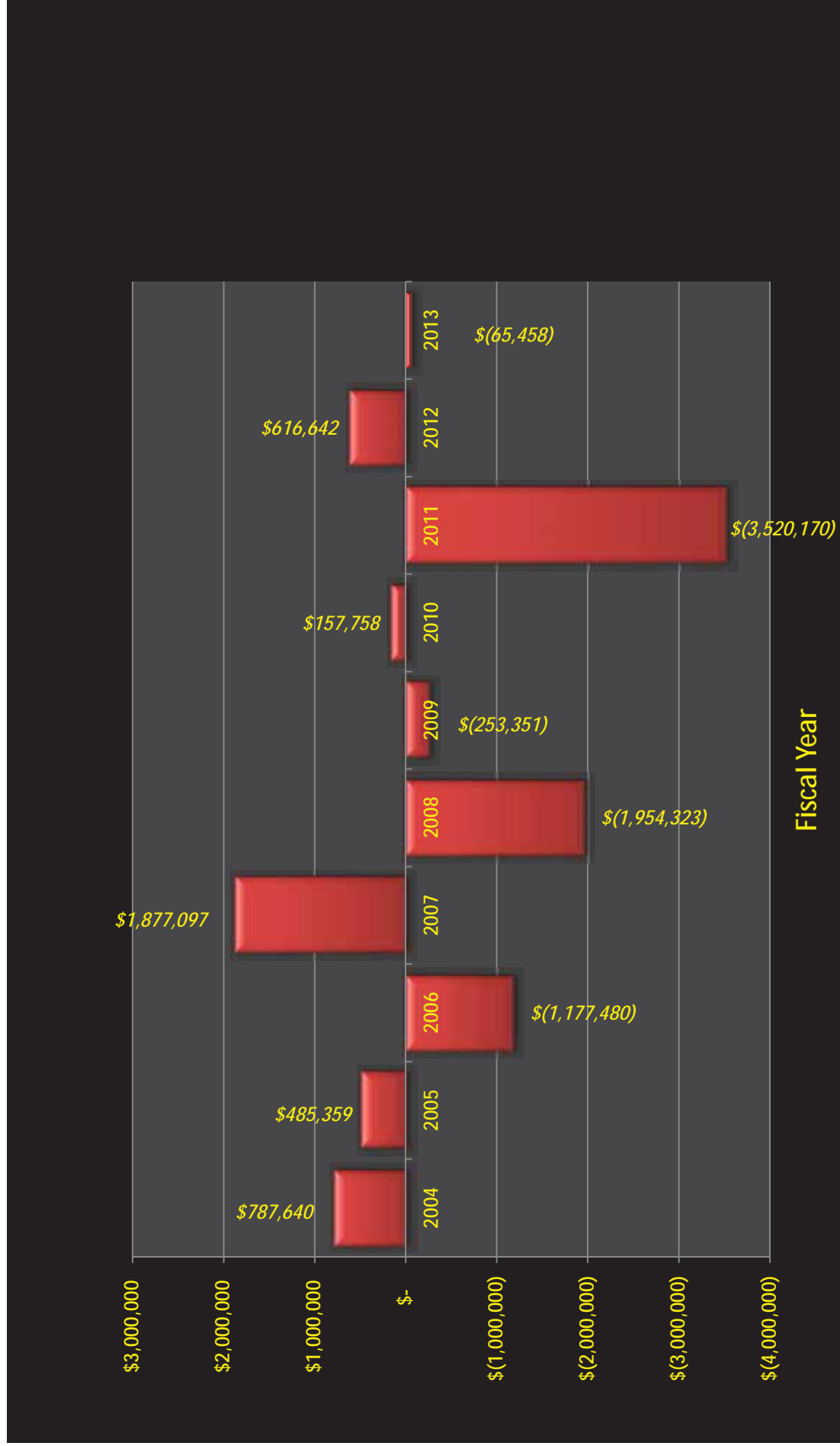


Town of Surfside, Florida
Summary of Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Revenues	\$ 7,948,107	\$ 8,383,728	\$ 10,511,330	\$ 11,304,095	\$ 9,670,438	\$ 9,274,766	\$ 8,555,076	\$ 9,636,738	\$ 10,247,156	\$ 10,779,087
Total Expenditures	7,105,467	7,639,536	11,404,676	9,426,998	11,513,821	9,650,010	8,605,820	13,369,080	10,156,917	11,246,823
Excess (Deficiency) of Revenues Over (Under) Expenditures	842,640	744,192	(893,346)	1,877,097	(1,843,383)	(375,244)	(50,744)	(3,732,342)	90,239	(467,736)
Other Financing Sources (Uses)										
Inception of capital leases	-	-	-	-	-	-	-	-	500,074	-
Transfers in	575,483	56,926	-	161,738	2,665,101	232,878	5,239,461	356,532	394,565	411,560
Transfers out	(630,483)	(315,759)	(284,134)	(161,738)	(2,776,041)	(110,985)	(5,030,959)	(144,360)	(368,236)	(9,282)
Total Other Financing Sources (Uses)	(55,000)	(258,833)	(284,134)	-	(110,940)	121,893	208,502	212,172	526,403	402,278
Net Change in Fund Balances	\$ 787,640	\$ 485,359	\$ (1,177,480)	\$ 1,877,097	\$ (1,954,323)	\$ (253,351)	\$ 157,758	\$ (3,520,170)	\$ 616,642	\$ (65,458)

Data Source:
Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Chart-Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



Town of Surfside, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2004 - 2009
(modified accrual basis of accounting)

	September 30,					
	2004	2005	2006	2007	2008	2009
General Fund						
Reserved	\$ -	\$ -	\$ -	\$ 104,240	\$ 101,996	\$ 117,013
Unreserved	6,234,808	6,508,243	5,336,016	7,223,228	6,786,540	7,178,522
Total General Fund	6,234,808	6,508,243	5,336,016	7,327,468	6,888,536	7,295,535
General Fund % Change From Prior Year	12.3%	4.4%	-18.0%	37.3%	-6.0%	5.9%
All Other Governmental Funds						
Reserved ¹	-	-	-	3,919	8,590	-
Unreserved						
Special Revenue Funds	538,085	549,326	2,276,754	1,023,426	783,701	724,122
Capital Projects Funds	2,281,356	2,320,130	520,194	2,413,858	1,133,521	541,340
Total All Other Governmental Funds	2,819,441	2,869,456	2,796,948	3,441,203	1,925,812	1,265,462
All Other Governmental Funds % Change From Prior Year	-13.0%	1.8%	-2.5%	23.0%	-44.0%	-34.3%
Total Governmental Funds						
Reserved	-	-	-	108,159	110,586	117,013
Unreserved	9,054,249	9,377,699	8,132,964	10,660,512	8,703,762	8,443,984
Total Governmental Funds	\$ 9,054,249	\$ 9,377,699	\$ 8,132,964	\$ 10,768,671	\$ 8,814,348	\$ 8,560,997
All Governmental Funds % Change From Prior Year	2.9%	3.6%	-13.3%	32.4%	-18.1%	-2.9%

Notes:

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2010 (see Exhibit XII). The Town did not restate the prior years.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2010 - 2013
(modified accrual basis of accounting)

	September 30,			
	2010	2011	2012	2013
General Fund:				
Assigned to:				
Emergencies and cash flows	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Subsequent years' expenditures	-	95,175	-	-
Nonspendable:				
Prepaid items	107,171	109,532	144,738	152,767
Asset held for resale	188,000	-	-	-
Unassigned	867,867	2,051,608	3,121,636	3,151,275
Total General Fund	3,163,038	4,256,315	5,266,374	5,304,042
General Fund % Change From Prior Year	-56.5%	34.6%	23.7%	0.7%
All Other Governmental Funds:				
Restricted for:				
Tourism	179,035	184,867	171,496	94,497
Transportation surtax	416,500	239,760	122,302	131,475
Police forfeiture	71,825	117,889	122,272	138,143
Committed to:				
Capital projects	4,201,479	-	-	-
Assigned to:				
Capital projects	686,878	399,754	132,783	255,263
Total All Other Governmental Funds:	5,555,717	942,270	548,853	619,378
All Other Governmental Funds % Change From Prior Year	339.0%	-100.0%	-41.8%	12.8%
Total Governmental Funds	\$ 8,718,755	\$ 5,198,585	\$ 5,815,227	\$ 5,923,420
All Governmental Funds % Change From Prior Year	1.8%	-100.0%	11.9%	1.9%

Notes:

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2010. The Town did not restate the prior years.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Surfside, Florida
Taxable Assessed Value - Real and Personal Property (Unaudited) ¹
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total Taxable Assessed Value ¹	Total Direct Tax Rate ²	Total Annual Percentage Change
	Amount	Percentage Change	Amount	Percentage Change			
2004	\$ 789,958,828	11.1%	\$ 13,889,674	3.6%	\$ 803,848,502	5.6030	10.8%
2005	922,780,341	16.8%	13,798,601	-0.7%	936,578,942	5.6030	16.5%
2006	1,130,237,073	22.5%	16,959,267	22.9%	1,147,196,340	5.6030	22.5%
2007	1,434,501,842	26.9%	15,720,579	-7.3%	1,450,222,421	5.6000	26.4%
2008	1,644,730,371	14.7%	15,702,111	-0.1%	1,660,432,482	4.2500	14.5%
2009	1,513,235,324	-8.0%	18,434,095	17.4%	1,531,669,419	5.3580	-7.8%
2010	1,270,680,301	-16.0%	12,720,930	-31.0%	1,283,401,231	4.7332	-16.2%
2011	1,050,695,131	-17.3%	12,264,492	-3.6%	1,062,959,623	5.9499	-17.2%
2012	1,005,246,014	-4.3%	12,412,260	1.2%	1,017,658,274	5.5000	-4.3%
2013	1,049,846,041	4.4%	12,350,185	-0.5%	1,062,196,226	5.3000	4.4%
*	\$ 1,195,785,025		\$ 14,655,779		\$ 1,210,440,804		
**	32.9%		-11.1%		32.1%		

* Dollar average for ten years.

** Percentage change in dollars over ten years.

Notes:

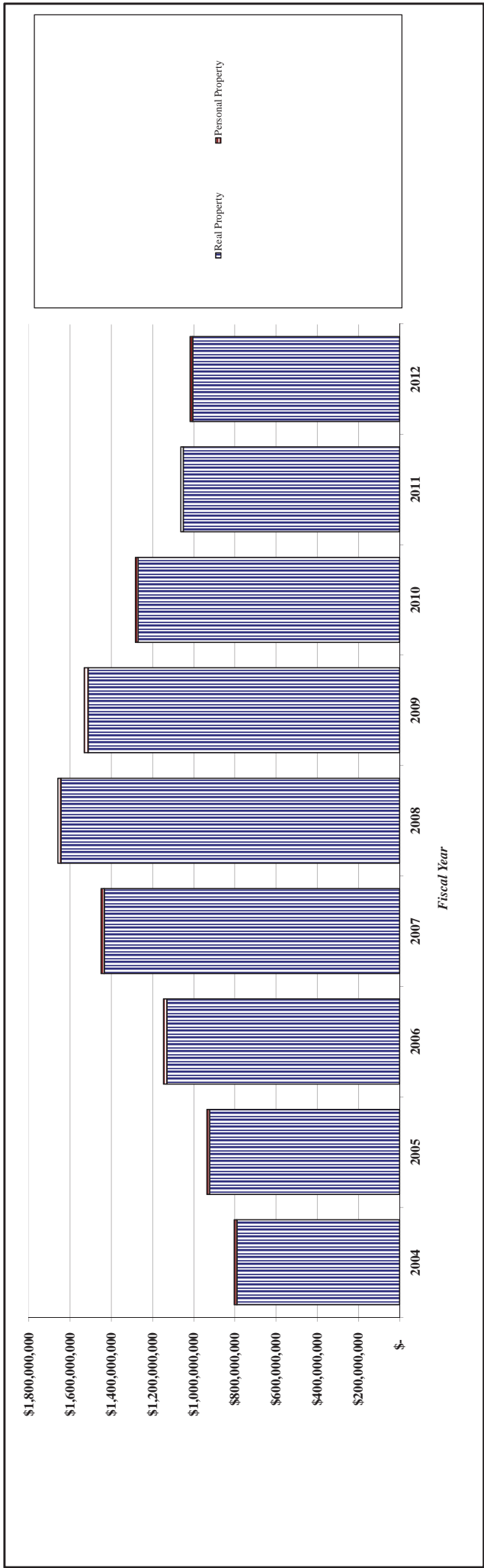
¹ All property is assessed at 100% of fair market value.

² Tax rates expressed in rate per \$1,000

Data Source:

Miami-Dade County Property Appraiser

Town of Surfside, Florida
Chart-Total Assessed Value (Unaudited)
Last Ten Calendar Years
(modified accrual basis of accounting)



Town of Surfside, Florida
Direct and Overlapping Property Tax Rates (Unaudited)
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)

Overlapping Rates ²																										
Direct City			Miami-Dade County				Miami-Dade County School Board				Water Management District				Environmental Project		Special District		Children's Trust		Fire and Rescue		Fire Debt		Total Direct and Overlapping Millage	
Fiscal Year	Operating Millage		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage																		
2004	5.6030		5.9690	0.2850	6.2540	8.4180	0.6820	9.1000		0.5970		0.1000		0.0385		0.5000		2.5820		0.0790		24.8535				
2005	5.6030		5.9350	0.2850	6.2200	8.0900	0.5970	8.6870		0.5970		0.1000		0.0385		0.4442		2.5920		0.0690		24.3507				
2006	5.6030		5.8350	0.2850	6.1200	7.9470	0.4910	8.4380		0.5970		0.1000		0.0385		0.4288		2.6090		0.0520		23.9863				
2007	5.6000		5.6150	0.2850	5.9000	7.6910	0.4140	8.1050		0.5970		0.1000		0.0385		0.4223		2.6090		0.0420		23.4138				
2008	4.2500		4.5796	0.2850	4.8646	7.5700	0.3780	7.9480		0.5346		0.0894		0.0345		0.4223		2.2067		0.0420		20.3921				
2009	4.7332		4.8379	0.2850	5.1229	7.5330	0.2640	7.7970		0.5346		0.0894		0.0345		0.4212		2.1851		0.0420		20.9599				
2010	4.7332		4.8379	0.2850	5.1229	7.6980	0.2970	7.9950		0.5346		0.0894		0.0345		0.5000		2.1851		0.0420		21.2367				
2011	5.5000		4.8050	0.2850	5.0900	7.7650	0.2400	8.0050		0.3739		0.0624		0.0345		0.5000		2.4496		0.0131		22.0285				
2012	5.3000		4.7035	0.2850	4.9885	7.7650	0.2330	7.9980		0.3676		0.0613		0.0345		0.5000		2.4496		0.0131		21.7126				
2013	5.4000		7.6148	0.8162	8.4310	7.6440	0.3330	7.9770		0.3523		0.0587		0.0345		0.5000		2.4496		0.1310		25.3341				

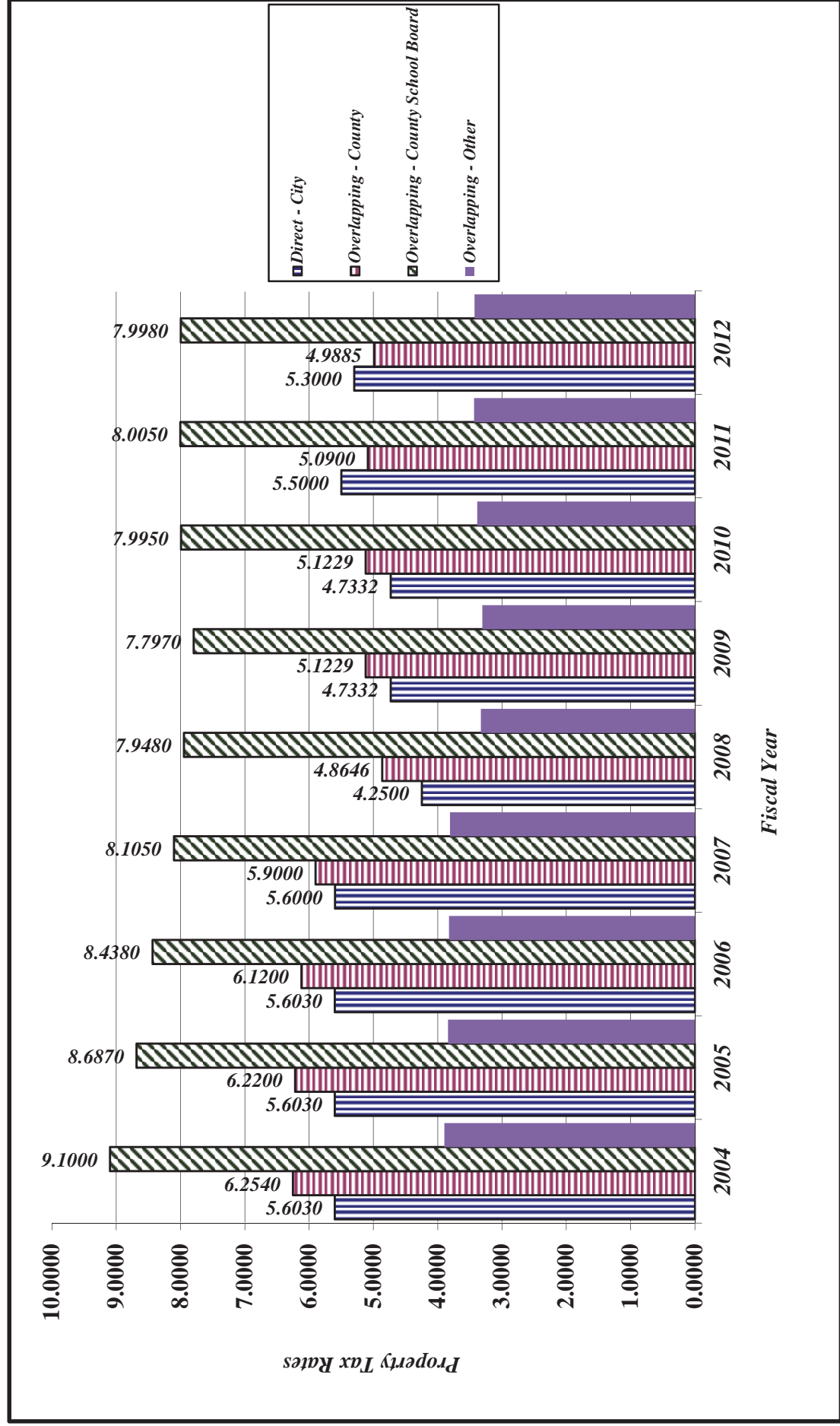
Notes:

¹ Overlapping rates are those of governments that overlap the Town's geographic boundaries.

Data Source:

Miami-Dade County Property Appraiser Office, http://www.miamidade.gov/pa/millage_tables.asp

Town of Surfside, Florida
Chart-Direct and Overlapping Property Tax Rates (Unaudited)
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)



Town of Surfside, Florida
Total Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Total Taxes Collected		Total Uncollected Taxes	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2004	\$ 4,197,694	\$ 3,952,662	94.16%	\$ 245,032	5.84%
2005	4,914,637	4,735,259	96.35%	179,378	3.65%
2006	6,013,274	5,846,079	97.22%	167,195	2.78%
2007	7,675,734	7,377,056	96.11%	298,678	3.89%
2008	6,702,904	6,292,755	93.88%	410,149	6.12%
2009	7,503,530	6,325,721	84.30%	1,177,809	15.70%
2010	5,550,925	5,323,728	95.91%	227,197	4.09%
2011	6,364,758	5,619,494	88.29%	745,264	11.71%
2012	5,597,121	5,264,387	94.06%	332,734	5.94%
2013	5,348,249	5,257,726	98.31%	90,523	1.69%

Notes:

Currently, the tax collections are not available for the year to which they apply.

Data Source:

Town Finance Department

Town of Surfside, Florida
Principal Real Property Taxpayers (Unaudited)
Fiscal Years Ended September 30, 2013 and 2010

2013			2010				
Principal Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed		Principal Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed	
		Rank	Value			Rank	Value
The Surf Club	\$ 27,081,604	1	2.58%	The Surf Club	\$ 40,373,960	1	3.18%
Chateau Ocean LLC	12,294,260	2	1.17%	9379 Realty Group	13,970,000	2	1.10%
Beach House Hotel LLC	11,409,795	3	1.09%	Beach House Property, LLC	9,000,000	3	0.71%
Publix Super Markets, Inc.	7,108,833	4	0.68%	Publix Super Markets, Inc.	8,380,000	4	0.66%
New York Community Bank	4,837,701	5	0.46%	Ohio Savings Bank	5,736,360	5	0.45%
Greystone Residential LLC	3,289,000	6	0.31%	Transactaa Lanai Development LTD	5,695,000	6	0.45%
Kelvim Escobar	2,499,294	7	0.24%	Collins Avenue Investment Group	3,800,000	7	0.30%
Collins Ave Invest Grp	2,432,753	8	0.23%	9501 Collins Avenue, LLC	3,289,000	8	0.26%
Dayna Lindenfield	2,422,489	9	0.23%	Robert and Rita Swedroe	2,993,148	9	0.24%
Robert Swedroe & W Rita	2,291,424	10	0.22%	Yoram and Yleana Izhak	2,614,259	10	0.21%
Total Principal Taxpayers	75,667,153		7.21%	Total Principal Taxpayers	95,851,727		7.54%
All Other Taxpayers	974,178,888		92.79%	All Other Taxpayers	1,174,828,574		92.46%
Total	\$ 1,049,846,041		100.00%	Total	\$ 1,270,680,301		100.00%

Data Source:

Town records.

Note: Principal taxpayer not available prior to 2010.

Town of Surfside, Florida
Principal Personal Property Taxpayers (Unaudited)
Fiscal Years Ended September 30, 2013 and 2010

2013			2010		
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed		
			Value	Rank	
Florida Power and Light Company	\$ 6,468,423	1	49.21%	1	
Atlantic Broadband	904,119	2	6.88%	2	
Bell South Telecommunications, Inc.	896,653	3	6.82%	3	
People's Gas System	787,920	4	5.99%	4	
The Surf Club	594,624	5	4.52%	5	
Publix Super Markets, Inc.	518,109	6	3.94%	6	
Holiday CVS LLC	390,153	7	2.97%	7	
Yudah Ari Benmergui DDS	196,008	8	1.49%	8	
Cine Citta Grill	146,700	9	1.12%	9	
AT&T Mobility LLC	127,984	10	0.97%	10	
Total Principal Taxpayers	11,030,693		83.92%		
All Other Taxpayers	2,114,057		16.08%		
Total	\$ 13,144,750		100.00%		

Data Source:

Town records.

Note: Principal taxpayer not available prior to 2010.

Town of Surfside, Florida
Ratios of Total Debt Outstanding by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities				Grand Total	Population ¹	Total Debt Per Capita
	Capital Leases	Revenue Bonds	Notes Payable		Loans Payable		Total		
2004	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	
2005	-	-	-	-	-	-	-	-	
2006	-	-	-	-	-	-	-	-	
2007	-	-	-	-	-	-	5,775	-	
2008	-	-	-	-	-	-	5,789	-	
2009	-	-	-	-	-	-	5,838	-	
2010	-	-	-	-	-	-	5,744	-	
2011	-	16,000,000	240,000	-	16,240,000	16,240,000	5,760	2,819	
2012	427,130	11,507,445	160,000	-	11,667,445	12,094,575	5,776	2,094	
2013	303,749	10,985,348	80,000	7,255,844	18,321,192	18,624,941	5,924	3,144	

Data Sources:

¹ Exhibit XXI

Notes:

Information not presented, not readily available
 There are no public schools located within the Town.
 There is no personal income data for the Town to calculate "debt as a percentage of personal income."

Town of Surfside, Florida
Pledged Revenue Coverage
Fiscal Year 2013 ¹

Fiscal Year	Revenues ²	Less Operating Expenses ³	Net Available Revenues	Principal ⁵	Interest	Total	Coverage Ratio ⁴	Coverage Required	Excess Coverage
2011	\$ 3,389,732	\$ 1,985,169	\$ 1,404,563	\$ -	\$ 320,960	\$ 320,960	4.38	1.10	3.28
2012	3,303,943	1,834,360	1,469,583	492,555	761,493	1,254,048	1.17	1.10	0.07
2013	3,134,620	1,902,646	1,231,974	522,097	620,245	1,142,342	1.08	1.10	-0.02

Notes:

¹ Bonds first issued in fiscal year 2011.

² Includes, water, sewer and wastewater revenues.

³ Excludes depreciation expense.

⁴ Combined ratio requirements are 1.1000.

⁵ Excludes \$4 million bond payment.

Town of Surfside, Florida
Overlapping Governmental Activities Debt (Unaudited)
September 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Underlying Debt
Overlapping Debt			
Miami-Dade County ²	\$ 1,179,986,000	0.56%	\$ 6,607,922
Miami-Dade County School Board ³	123,345,000	0.56%	690,732
Total Overlapping Debt			\$ 7,298,654

Notes:

¹ Applicable percentage was estimated by determining the portion of the Town's assessed value of \$1,062,214,226 for 2012-13 that is within the County's geographic boundaries.

² As of September 30, 2013

³ As of June 30, 2013

Data Source:

Each specific government

Town of Surfside, Florida
Demographic and Economic Statistics (Unaudited)
Last Ten Calendar Years

Calendar Year	Population ¹	Per Capita Personal Income ²	Unemployment Rate		
			County ³	State of Florida ³	United States ⁴
2004	-	\$ 29,817	5.5%	4.7%	5.4%
2005	-	31,867	4.6%	3.8%	5.0%
2006	-	34,709	4.1%	3.3%	4.5%
2007	5,775	35,791	4.5%	4.0%	4.7%
2008	5,789	37,264	6.4%	6.2%	6.1%
2009	5,838	37,909	10.6%	10.2%	9.8%
2010	5,744	37,219	12.6%	11.8%	9.5%
2011	5,760	37,849	11.5%	10.6%	9.0%
2012	5,776	38,449	8.9%	8.4%	8.7%
2013	5,924	46,424	6.8%	6.9%	7.2%

Notes:

Information not presented, not readily available

There are no public schools located within the Town.

Data Sources:

¹ Bureau of Economic and Business Research, University of Florida, April 1 of each year

² 2003-2009, Miami-Dade County comprehensive annual financial report
 2010 - 2012 estimated by management.

³ 2003-2010, Miami-Dade County comprehensive annual financial report
 2011 estimated by management.

⁴ Real Estate Center, <http://recenter.tamu.edu/data/emp/emps/st12.asp>

⁵ U.S. Department of Labor, Bureau of Labor Statistics.

Town of Surfside, Florida
Principal Employers (Unaudited) ¹
For the Fiscal Years Ended September 30, 2013 and 2007 ²

		2013	
Employer	Type of Business	Number of Employees	Rank
Beach House Hotel D/B/A Grand Beach	Hotel	130	1
Publix Super Market, Inc.	Supermarket	97	2
Town of Surfside	Government	96	3
Flanigan's Seafood Bar & Grill	Restaurant	51	4
The Surf Club	Resort	50	5
M. Kotler Realty	Real Estate Agency	30	6
Holiday CVS, LLC.	Pharmacy	27	7
Harding Realty	Real Estate Agency	25	8
Harbor Pita D/B/A Harbor Grill	Restaurant	20	9
Gray & Sons South FL Gold & Silver Excl Jewelry		18	10
Total Principal Employers		544	
		2007	
Employer	Type of Business	Number of Employees	Rank
Public Supermarkets	Retail	159	1
Surf Club	Resort	132	2
Town of Surfside	Government	117	3
CVS Pharmacy	Retail	19	4
Best Western Hotels	Hotel	35	5
Solara	Apartment Rentals	28	6
Flanigans	Restaurant	68	7
Wachovia	Bank	7	8
Rolling Pin Bakery	Retail	7	9
Emergency Dental Center	Retail	4	10
Total Principal Employers		576	

Notes:

¹ The total number of employees in the Town is not available

² Information only available back to 2007

Data Source:

³ Town records.

Town of Surfside, Florida
City Full-time Funded Positions by Function/Program (Unaudited)
Last Ten Fiscal Years

<u>Function/program</u>	<u>Fiscal Year</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Town Attorney	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Executive	9.00	9.00	10.00	10.00	6.00	5.00	4.00	4.00	4.00	5.00
Financial Support Services	-	-	-	-	3.00	3.00	3.00	3.00	4.00	4.00
Town Clerk	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Building Services	2.00	2.00	2.00	3.00	3.00	3.00	2.00	3.00	3.00	4.00
Total General Government	18.00	18.00	19.00	20.00	19.00	19.00	18.00	19.00	20.00	22.00
Public Safety										
Public Safety	39.00	35.00	41.00	42.00	44.00	44.00	34.50	33.00	31.75	32.25
Municipal Parking	1.00	1.00	1.00	2.00	2.00	2.00	2.50	3.00	5.00	6.75
Total Public Safety	40.00	36.00	42.00	44.00	46.00	46.00	37.00	36.00	36.75	39.00
Public Works										
Public Works	9.00	10.00	9.00	9.00	8.00	7.25	5.25	6.25	5.25	6.25
Water/Sewer	5.00	5.00	5.00	5.00	5.00	5.25	5.25	5.25	5.75	5.25
Solid Waste	10.00	11.00	12.00	12.00	12.00	12.25	10.25	10.25	10.25	10.25
Stormwater	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25	1.25
Total Public Works	25.00	27.00	27.00	27.00	26.00	26.00	22.00	23.00	22.50	23.00
Leisure Services										
Leisure Services	16.00	18.00	23.00	23.00	17.00	17.00	7.00	10.00	10.75	11.32
Tourism	2.00	2.00	2.00	1.00	1.00	2.00	1.00	1.00	1.00	0.68
Library Services	4.00	4.00	4.00	3.00	3.00	3.00	-	-	-	-
Total Leisure Services	22.00	24.00	29.00	27.00	21.00	22.00	8.00	11.00	11.75	12.00
Total	105.00	105.00	117.00	118.00	112.00	113.00	85.00	89.00	89.00	96.00
Percentage Change From Prior Year	6.1%	0.0%	11.4%	0.9%	-5.1%	0.9%	-24.8%	5.3%	5.3%	7.9%
Data Source:	Town Administration									

Surfside, Florida
Operating Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years ¹

Function/program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety:										
Police										
Uniformed employees	24	21	32	32	32	28	27	27	27	27
Non-uniformed employees	11	10	12	14	15	11	7	9	9	12
Dispatched responses	10,716	25,144	29,039	18,109	23,640	19,751	16,545	19,800	23,097	31,337
Traffic citations issued	-	-	-	-	7,968	6,782	5,752	5,289	4,814	5,475
Traffic warnings issued	-	-	-	-	-	-	4,333	4,067	5,139	3,867
Parking violations issued	4,974	5,111	3,422	4,304	6,863	7,407	6,060	9,833	11,884	19,607
Building permits:										
Permits issued	1,120	1,098	1,261	1,177	779	700	923	1,073	931	1,072
Estimated values (in millions)	\$45,654	\$36,930	\$33,416	\$40,045	\$5,797	\$6,559	\$16,147	\$84,806	\$ 36,392	\$71,790
Utility:										
Municipal water system										
Active water accounts	1535	1539	1542	1544	1547	1549	1551	1,551	1,647	1,680
New active accounts	102	130	75							
Meter sales (in million gallons)	343,061	351,766	374,956	335,789	298,102	314,304	307,723	328,519	276,650	2,631,277
Municipal sewer system										
Active accounts/units	-	-	4055	4058	4059	4059	4061	4061	4061	4061
Solid waste services										
Active accounts	-	-	1342	1345	1346	1348	1349	1344	1344	1344
General government:										
Tax rates										
Utility services:										
Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Communication service	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%	5.22%
Gas	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Franchises:										
Electric	6%	6%	6%	6%	6%	6%	5.90%	5.90%	5.90%	5.90%
Communication service	**	**	**	**	**	**	**	**	**	**
Gas	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Cable television	3%	3%	5%	5%	5%	5%	5%	5%	5%	5%
Surfside Bus Service										
Total number of passengers	-	-	-	-	-	16,173	18,813	21,543	12,947	21,514
Average number of passengers per month	-	-	-	-	-	1,348	1,568	1,795	1,079	1,792
Total number of miles driven	-	-	-	-	-	23,648	29,260	32,401	30,775	34,805
Average number of miles driven per month	-	-	-	-	-	1,971	2,438	2,700	2,565	2,900
Culture and recreation:										
Participation:										
Youth programs	-	-	258	650	403	551	658	960	1,005	1,043
Adult programs	-	-	339	455	228	234	463	555	781	1,232
Special events	-	-	2,500	2,990	3,390	3,300	3,340	4,280	4,630	5,727
Community Center	-	-	-	-	-	-	-	17,517	29,028	24,830

Notes:

Data not available for items not presented.

Data Source

Various Town Departments

[illegible]



REPORTING SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 30, 2014. Our report includes a reference to other auditors who audited the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund), as described in our report of the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's Response to Finding

The Town's written responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, FL
June 30, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

Report on Compliance for Each Major State Project

We have audited Town's compliance with the types of compliance requirements described in the *Department of Financial Services'* State Projects Compliance Supplement that could have a direct and material effect on the Town's major State project for the year ended September 30, 2013. The Town's major State project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town's major State project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State project. However, our audit does not provide a legal determination of the Town's compliance.

Unmodified Opinion on Major State Project

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2013.

Report on Internal Control Over Compliance


Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter, 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.


Miami, FL
June 30, 2014

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

State Grantor Agency State Project	CSFA No.	Contract / Grant No.	Total Expenditures
Florida Department of Environmental Protection			
Direct Project			
Clean Water State Revolving Fund			
Construction Loan	37.077	WW131710 2013	<u>\$ 7,339,928</u>
Total Expenditures of State Financial Assistance			<u>\$ 7,339,928</u>

See notes to schedule of expenditures of state financial assistance.

TOWN OF SURFSIDE, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the schedule) includes the state grant activity of the Town of Surfside (the Town) under programs of the state of Florida for the fiscal year ended September 30, 2013. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General of the State of Florida. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, where certain types of expenditures are not allowable or are limited as a reimbursement.

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

X Yes No

Significant deficiency(ies) identified not considered
to be material weakness?

 Yes X None reported

Non-compliance material to financial statements noted?

 Yes X No

State Financial Assistance Projects

Internal control over major State projects:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified not considered
to be material weakness?

 Yes X None reported

Type of auditor’s report issued on compliance for
major State projects:

Unmodified Opinion

Any audit findings disclosed that are required to be
reported in accordance with Chapter 10.550

 Yes X No

Identification of major State project:

State Financial Assistance Project

CSFA No.

Florida Department of Environmental
Protection – Clean Water State Revolving
Fund Construction Loan

37.077

Dollar threshold used to distinguish between
Type A and Type B programs:

Not Applicable

TOWN OF SURFSIDE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2013-01 Review and Recording of Financial Transactions

Criteria

Prudent policies include a formal review and reconciliation during the year and during the closing process with supervisory Finance Department personnel being responsible for the review of transactions and balances recorded. Timeliness of closing procedures is crucial to proving accurate accounting data and financial information including interim and year-end financial statements.

Condition

During the course of our audit procedures there were numerous auditor adjusting journal entries proposed to correct account balances such as negative cash, principal payments improperly presented on the statement of revenues, expenses and changes in net position, retainage payable was overstated, state revolving loan proceeds improperly presented as other financing sources in the statement of revenues, expenses and changes in net positions and unrealized gain on the Fund B was not properly recorded. In addition, the Town provided to the auditors many of their own adjusting journal entries after the initial trial balances were provided at the commencement of the audit (i.e., start of audit fieldwork) which necessitated additional procedures and delayed the completion of the audit. In addition, in several instances, supporting schedules provided by the Town did not agree or reconcile to the general ledger.

Cause

Lack of adequate internal controls over the timely review and reconciliation and closing process.

Effect

The general ledger, which are the books and records used to prepare the financial statements, were not accurate.

TOWN OF SURFSIDE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS (CONTINUED)

2013-01 Review and Recording of Financial Transactions (continued)

Recommendation

We recommend a detailed general ledger account analysis of all accounts be performed on a monthly or quarterly basis in a timely manner. These analyses should be reviewed by supervisory Finance Department staff to ensure accurate recording of transactions. We further recommend that employees responsible for the books and records and approval of journal entries consult with the auditors or others for unusual or difficult to record transactions especially given the complexities associated with the accounting standards.

Views of Responsible Officials and Planned Corrective Actions

A report that compares budget to actual of revenues and expenditures is prepared each month and presented to the Town Commission. A detailed general ledger account analysis of all accounts will be prepared and reviewed quarterly to ensure accurate recording of transactions. The Finance Department employees will also consult with the auditors on unusual or difficult transactions before recording the journal entries.

SECTION III – STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

CITY OF SUNRISE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2012 schedule of findings and questioned costs.

MATTERS THAT ARE NOT REPEATED IN THE ACCOMPANYING SCHEDULE OF FINDINGS AND QUESTIONED COSTS

- ***2012-01 Internal Control over Financial Reporting – Capital Assets***
- ***2012-02 Internal Control over Financial Reporting – Bank Reconciliations***

II. PRIOR YEAR STATE PROJECTS FINDINGS AND QUESTIONED COSTS

The Town did not meet the requirements for a Florida Single Audit during fiscal year ended September 30, 2012.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

We have audited the financial statements of the Town of Surfside, Florida (the Town), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 30, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.550 Rules of the Florida Auditor General; and a Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 30, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town was established by the Town's charter, which was adopted under the provisions of Chapter 279.14, Laws of the State of Florida in 1951. There were no component units related to the Town.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done as of the fiscal year end.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Miami, FL
June 30, 2014

June 30, 2014

To the Honorable Mayor, Town Commission, Town Manager
Town of Surfside, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) for the year ended September 30, 2013. We did not audit the financial statements of the Town of Surfside Employees Retirement System; those financial statements were audited by other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Florida Single Audit Act as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 17, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and the Florida Single Audit Act

As stated in our engagement letter dated May 17, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Florida Single Audit Act.

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Florida Single Audit Act, we will examine, on a test basis, evidence about the Town's

compliance with the types of compliance requirements described in the Catalog of State Financial Assistance Compliance Supplement applicable to each of its major state projects for the purpose of expressing an opinion on the Town's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Town's compliance with those requirements.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we will consider the internal control of the Town. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to in our meeting about planning matters on October 21, 2013.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. The Town did however implement Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year which had an impact on the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and

assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town's financial statements was:

Management's estimate of the allowance for uncollectible receivables is based on historical trend information. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit other than the delays in receiving financial data more specifically related to the separate pension audit which caused a delay in the overall issuance of the Town's financial statements.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, there were certain misstatements detected as a result of audit procedures that were material to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a

To the Honorable Mayor, Town Commission, Town Manager
Town of Surfside, Florida
June 30, 2014
Page 4

consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The schedule of findings and questioned costs included in the Town's Comprehensive Annual Financial Report, in our report dated June 30, 2014 notes a material weakness in internal control over financial reporting.

Other Matters

With respect to the supplementary information (combining and individual fund statements and schedules and the schedule of expenditures of state financial assistance) accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor, Town Commission and Town Manager and management of the Town of Surfside, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Marcum LLP".

Marcum LLP